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CONTINENTAL SELLING PRICES: AUSTRIA Sch 16; BELGIUM Fr 25; DENMARK Kr 3.6; FRANCE F 3.5; GERMANY DM 2.0; ITALY L 600; NETHERLANDS F 2.0; NORWAY Kr 3.5; PORTUGAL Esc 25; SPAIN Ptas 50; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 20p

NEWS SUMMARY

GENERAL

South Africans expelled by U.S.

The U.S. has ordered two South African military attaches to leave the country within a week in retaliation for the Pretoria Government's expulsion of three U.S. Embassy officials for alleged spying.

Lusaka attacked

Rhodesian commandos raided the Zambian capital of Lusaka, destroying the home of Black Nationalist leader Joshua Nkomo and attacking a centre used by liberation movements.

Lule takes over

Uganda's new provisional government, headed by Professor Yusuf Lule, was sworn in on the steps of the Parliament building in Kampala to the cheers of a jubilant crowd.

UDR man shot

One of the longest-serving members of the Italian Christian Democracy party was shot to death near the home in the border village of Tysan, County Armagh.

Teachers' action

Leaders of the National Union of Teachers decided to recommend members to withdraw goodwill after the Easter holiday, following the failure of negotiations on a claim for pay increases of up to 36.5 per cent.

Snowdon death

Rescue teams on Snowdon recovered the body of John Mountain of Thorpe Bay, Essex, who had fallen about 500 feet. His 12-year-old daughter Allison had been found earlier in a snow hole. She was taken to hospital suffering from exposure.

Executions toll

The total of executions in Iran rose to at least 198, the deaths of several more military and police officials. Some revolutionary courts, however, gave five defendants jail terms and acquitted a para-military commander. Nuclear plant doubts.

Volcano erupts

La Soufriere volcano, 30 miles north of Kingstown, St. Vincent, began erupting and villages nearby were evacuated. The 4,000-foot volcano last erupted violently in 1902.

Briefly...

Quads born seven weeks prematurely to Mrs. Debra Keping, aged 22, of Swindon, were "all satisfactory" in a special care nursery.

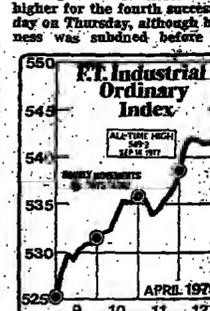
Prisoner died in his cell at Lincoln jail. Noel Smithers, aged 26, received a two-year sentence a month ago for robbery and burglary.

PUBLISHERS' NOTICE

The Financial Times will not be published on Easter Monday, April 16

BUSINESS

New 1978/9 high for equities



Equity markets moved higher for the fourth successive day on Thursday, although the news was subdued before the

GILTS closed mixed, with the new Government stock, Exchequer 11 per cent 1987, which was oversubscribed on application, heavily traded in first-half dealings.

STERLING fell 60 points from Wednesday and its trade-weighted index closed at 67.5 (57.3). The dollar's index rose to 85.7 (85.3).

WALL STREET closed 221 down at 876.50, making a three-day losing streak.

UK INDUSTRIAL production rose 0.8 per cent in January, the all-industries index of production, issued by the Central Statistical Office, rose by 7.2 per cent in February, following a 7.4 per cent drop the previous month.

F. W. WOOLWORTH has followed its rejection of the \$1.25bn takeover bid from Brascan of Canada by suing the Canadian Imperial Bank of Commerce alleged to have leaked confidential information in agreeing to help finance the proposed Brascan offer.

IRISH GOVERNMENT has taken control of the supply and distribution of diesel oil following serious shortages in Ireland. The Irish Industry Minister has said that the government hopes to have legislation ready by the end of the year to establish a State-owned oil company to negotiate directly with producer countries.

BL management will meet engineering unions next week to try to resolve the skilled workers' dispute and save the company's national joint negotiating committee from collapse.

FERRINS diesel engine workers at Peterborough have won their fight for pay parity with a new offer giving them an average increase of £14 a week.

COMPANIES

CORAL LEISURE beat its forecast for 1978 pre-tax profit by £4m in spite of a sharp downturn of £4.4m in casino trading. Pretax profit for the year to December 28 rose from £18.54m to a record £20.01m. Page 24 and Lex

AUTOMOTIVE PRODUCTS pre-tax profits for 1978 rose by 11 per cent from £13.6m to £15.13m on turnover of £179.4m (£159.8m) in spite of the Ford strike and the closure of the Iranian market. Page 24 and Lex

ALFRED HERBERT, the NEB's machine tool subsidiary, made a net loss of £7.36m in 1978, compared with a profit of £242,000 in 1977. Back Page and Lex

Government in row over move to hand Prestcold to NEB

BY MICHAEL CASSELL AND RICHARD EVANS

A major row has developed about the Government's apparent insistence that the National Enterprise Board take over Prestcold, the ailing BL subsidiary, which is up for sale.

Prestcold claims to be the largest commercial refrigeration group in Europe, and the Ministerial takeover plan seems principally designed to prevent closure of the company's two Scottish manufacturing operations.

Both plants are at Hillington, Glasgow, and make refrigeration compressors and parts. Between them they employ 800 people, and both BL and the NEB believe they have no commercial future.

Closure notices to employees at Glasgow were due to go out on Thursday. But in a last-minute intervention Mr. Eric Varley, the Industry Secretary, announced his "firm intention" to issue a directive under the Industry Act compelling the NEB to negotiate purchase of the whole Prestcold Holdings operation from BL.

The enforced sale of Prestcold to the NEB would involve book transfer exercise to keep the Board's interests in BL, in which it holds a 95 per cent stake, and the refrigeration group quite distinct.

Mr. Varley, who informed Sir Leslie Murphy, chairman of the

NEB of his decision, asked BL to keep the plants open while negotiations proceeded. He said the Government would bear the interim cost of maintaining operations. BL has agreed to his request.

The NEB last night would make little comment about the affair, other than to say that the receipt of a rare Ministerial directive "appears a possibility".

But at least some Board members are understood to be extremely annoyed at the Government's refusal to accept the results of a lengthy review of Prestcold's Scottish operations, which concluded that there was no alternative to closure.

The Government's intervention is also likely to trigger off confrontation in the General Election campaign.

Conservative politicians, including Mr. Teddy Taylor, Shadow Scottish Secretary, were questioning the move yesterday on the grounds that it looked like a decision to bolster Labour support in Scotland, where the party must hold on to its traditional supremacy to

have any hope of retaining power at Westminster.

Mr. Richard Wainwright, Liberal Party spokesman on industry, said the Government's move represented "gross violation of the otherwise excellent role of the NEB" and compelled it to act as "stooge of a doctrinaire Government, without proper regard to the economics of the takeover".

The accusations were strenuously rejected by Ministers, who said that it was the Government's duty to intervene and see what could be done to solve an extremely difficult industrial problem.

Mr. Gerald Kaufman, Minister of State at the Department of Industry, said in an ITN interview that the accusation of politically-motivated interference was "very cheap and silly comment, and claimed Mr. Varley had intervened because of the effect which the Glasgow closures would have on the UK import bill and on local unemployment.

A review embracing the

Continued on Back Page

Alfred Herbert loses £7.4m

Labour makes issue of inflation

By Richard Evans, Lobby Editor

THE PRIME MINISTER and other Labour leaders are planning to make the fight against inflation the major issue when the General Election campaign enters its second week after the Easter Holiday.

Following confirmation that the retail price index has remained in single figures.

Labour Party private research has shown that prices and the rate of inflation remain the biggest source of public concern, but party leaders have been inhibited from campaigning too hard on the issue until it was shown that the critical barrier of double figures had not been breached.

Mr. Callaghan believes his best hope lies in stressing the progress Labour has made in curbing inflation, and contrasting the party's improved relations with the unions involving the pledge of 5 per cent inflation in three years, with the fear of conflict and rising prices under the Tories.

Labour's tactic will continue to be to carry the campaign into the opposition camp by emphasising Tory weaknesses, particularly the potential impact of Conservative policies on jobs and prices.

The latest phase of the campaign was launched by the Prime Minister on Thursday at his London Press conference when he argued that a steep rise in prices would mean that Tory plans to cut income tax.

"What they are talking about would mean the doubling of value added tax and there is no need to spell out what that would mean in terms of prices... it is all very well to have more take-home pay but it is not going to do very much good if prices are going to go up very much faster," Mr. Callaghan said.

Mr. Roy Hattersley, Prices Secretary, claimed that the 9.5 per cent RPI figure could be held, but Mr. Thatcher maintained at her news conference that increases in the pipeline were "worrying" and it was unlikely that the Labour-MTC agreement could succeed in reducing the rate to 5 per cent.

Her policy was to squeeze inflation out of the system.

A continuing embarrassment for Labour Party is the situation at Newham North-East, the former seat of Mr. Reg Prentice, where his successor as Labour candidate has resigned because of his failure to get unanimous support from the local party.

Transport House has nominated three candidates from whom the final choice will be made on Tuesday.

Election news Page 4

The manifestoes compared Page 22

NRC was 'confused' in reactor crisis

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE NUCLEAR Regulatory Commission was almost at a loss as to what to do in the wake of the Three Mile Island reactor accident in Pennsylvania two weeks ago.

The magnitude of the NRC's confusion has been revealed by taped transcripts of its deliberations made public by Congressman Morris Udall, Chairman of the House Energy Sub-Committee which is also investigating the affair.

One chilling passage recounts comments made by Mr. Joseph Hendrie, Chairman of the NRC, on Friday, March 30, on the third day of the crisis. Discussing the problems confronting both himself and Mr. Dick Thornburgh, Governor of Pennsylvania, Mr. Hendrie said: "It seems to me that I have got to call the Governor."

"We are operating almost totally in the blind; his information is ambiguous, mine is non-existent and I don't know how to carry the campaign into the opposition camp by emphasising Tory weaknesses, particularly the potential impact of Conservative policies on jobs and prices.

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Retail price index creeps higher

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE 12-MONTH rate of retail price inflation continues to creep upwards and is likely to be back in double figures within the next month or two. But only a limited further acceleration is likely during the rest of 1979.

Department of Employment figures show that the retail price index rose by 9.8 per cent to 210.6 (January, 1974=100) in the year to mid-March. This compares with a 12-month rise of 8.6 per cent in mid-February and a five-year low of 7.4 per cent last summer.

But the 12-month rate is soon expected to be above ten per cent as a result of price rises on the way, notably sharp increases in local authority rates.

The acceleration in the 12-month rate has come sooner than expected, largely because of a sharp rise in the price of seasonal foods, such as fresh vegetables, caused by the bad winter weather. Seasonal food prices rose 3.4 per cent last month.

Times abandons re-launch date

BY ALAN PIKE, LABOUR CORRESPONDENT

TIMES NEWSPAPER'S management has abandoned hope of re-launching its suspended newspapers from next Tuesday amid continuing disagreement with union leaders on the crucial issue of introducing new computer-based typesetting.

A re-launch advertising campaign has been cancelled and the Times Newspapers board will consider the position on Tuesday, the day on which it had been hoped The Times would reappear after an absence of four-and-a-half months.

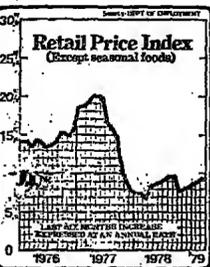
The board will have to decide whether to keep on the payroll more than 3,000 staff who were dismissed after publication was suspended on November 30 and re-engaged on a temporary basis until Tuesday to allow for negotiations. They will cease

to be employed after Tuesday night unless the management extends their re-engagement to permit more talks with unions.

Negotiations with the National Graphical Association, which has offered to re-open talks on new technology in a few years' time, have not satisfied the company that it would then be able to achieve its aim of allowing journalists and advertising staff to share access to the composing system with NGA members.

Times Newspapers is now suggesting that the issue should be resolved by arbitration and this is likely to be considered by the NGA national council on Thursday. ACAS has so far been involved only in conciliation procedures.

Mr. Duke Hussey, chief executive of Times Newspapers, accused the NGA of "insisting



ing down or speeding up of price changes than a measure of them.

Most leading forecasters project a 12-month rate of retail price inflation of between 9.5 and 12 per cent by the end of 1979. The exact outcome may depend on the size of any increases in indirect taxes in the post-election budget.

But even on the most optimistic view prices in the UK would be rising more rapidly than in many other industrialised countries. The 12-month rate at present is slightly below that in the U.S. and France, though much higher than in West Germany.

The retail price index rose by 0.8 per cent in the month to mid-March, the same as in the previous month, mainly because of dearer alcoholic drinks, vegetables and petrol.

on an inefficient and impractical monopoly of the new system for their own union" in spite of offers of long phasing-in periods, joint reviews, regular consultation, more money and generous voluntary redundancy terms.

The union believes that its entire future will be at risk if it concedes the principle of other newspaper employees having direct access to composing systems.

In addition to the new technology issue Times Newspapers has still to complete negotiations on industrial relations changes with about 20 other groups of employees, and discussions with some of these are continuing during the week-end. Agreement at office and branch level was reached yesterday with SLADE, the process union.

Contents

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Advertisement for M&G Unit Trusts, including an offer from M&G and a table of investment options.



Jeans bring Scots 2,000 new jobs

BY RAY PERMAN, SCOTTISH CORRESPONDENT

LEVI STRAUSS, the San Francisco-based clothing company, is to invest £7m in opening three new factories in Scotland, providing 2,000 jobs, by 1984.

Very good productivity record of the company's three existing Scottish plants at Dundee, Glasgow and Whitburn, Lothian, which employ between them some 2,100 people, mostly women.

Most of the jobs will go to unskilled school-leavers, who will be trained by Levi Strauss.

Mr. Frank Blanchette, director of Levi's Northern European operations, said yesterday: "In Scotland we have developed an efficient manufacturing base capable of producing high-quality products on time at a low cost."

It is our intention to use this base as a stepping-off point into new product ranges and to meet the increase in sales of denims from within the UK.

NEWS ANALYSIS - WIGGINS TEAPE'S PROBLEM MILL

Fort William's survival strategy

BY MAX WILKINSON

IT MAY BE no accident that Wiggins Teape chose the run-up to the general election to announce that its Fort William pulp mill is in danger of closure, for the future of this Scottish plant is now certain to become an important political issue.

The next government will have to decide whether simply to stay clear of the problem or subsidise the construction of new plant. Finnish consultant Jaako Pöyry, who has just done a nine-month study at Fort William, has suggested that a new pulp mill should be built so the company could make better use of the wood available and convert it into a more valuable product.

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Process The sulphite process, in which the wood chips are cooked with chemicals, converts only about half of the wood to pulp. By contrast, mechanical pulping plants where the logs are ground between stones, convert about 95 per cent to pulp suitable for newsprint.

setting-up of a newsprint mill is interesting to the Government because newsprint has traditionally been regarded as a strategic commodity. At present the UK imports more than two-thirds of its needs.

But because modern newsprint mills are so large—capable of producing up to 150,000 tonnes a year—companies have to be cautious in case new investment creates over-capacity. For this reason, the Finnish and Swedish Governments have been holding informal talks to try to limit new capacity to perhaps one mill between the two countries every three years.

Most certainly, one of the two British newsprint producers, Reed or Bowater, would have to be involved, since Wiggins Teape concentrates on fine and special papers. However, neither Reed or Bowater has been making much money on newsprint in the past few years, and the talk has been much more of closing mills than opening new ones.

Beyond the market considerations, millions of trees in Scotland are slowly maturing: by the 1990s the annual production of Forestry Commission wood in Scotland will be three times its present volume of about 1m cubic metres.

Lorry sales highest since oil crisis days

By Kenneth Gooding

COMMERCIAL vehicle registrations in the UK in March reached the highest level for the month since 1973, immediately before the oil crisis.

First-quarter sales were also at a six-month peak. March registrations totalled 27,006, nearly a third higher than in the same month last year.

This was in spite of UK performance being held back by the after-effects of Ford's nine-week shut-down last autumn, which were still being felt in January and February because body-builders were short of vehicles.

As a result, Ford's UK-built truck registrations were down from 4,278 to 2,726 in the three-month period. The company maintains, however, that it delivered a record number of trucks in the first quarter and that it expects to sell at least a quarter more in the UK this year than last.

Bedford, the General Motors subsidiary, was the best-selling truck maker in the UK in the first quarter with 3,796 registrations. With lighter vehicles included, the total was 4,472—the best for the group since 1973.

Land-Rover vehicles held its ground with total truck sales for the three months at 3,390, against 3,366. Sales of lighter commercial vehicles from BL's Austin Morris subsidiary were well ahead, from 11,078 to 12,671 over the quarter.

Land-Rover sales (including Range Rovers) went ahead from 1,371 to 1,942 during the same period. The buoyancy of the market enabled nearly all the major importers to sell more vehicles, even if they lost market share.

Agents may be sued for not revealing fees. THE PRICE Commission is threatening to prosecute six estate agents for failing to fill in a questionnaire about their businesses. The agents could face fines of up to £1,000.

In addition, the commission has given a further seven estate agents a three-month conditional licence to fill in their forms or they, too, could face prosecution.

The commission has ordered that the forms be completed under Section 15 of the 1973 Counter Inflation Act. It had sent forms to about 500 agents, selected at random, seeking details on their fees and profits over the past three years.

New factories in Telford. TELFORD Development Corporation let 14 factories in February and March and will let a further ten this month. Fourteen new companies have been attracted to Telford and lettings will eventually create more than 730 jobs.

RAF charity's spending up 36%. THE RAF Benevolent Fund has reported that it spent £2,023,322 on the relief of distress in 1978, an increase of 36 per cent on the previous year's total and the highest in its 60-years' history.

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Perkins strikers win parity

SEVEN THOUSAND workers at the Perkins diesel engine plant at Peterborough have won their fight for pay parity. The management offered them a new deal within hours of their return to work after a five-day strike in which they took over the factory, barricaded the entrances and locked out 3,000 administrative staff.

The pay package, which will be put to a mass meeting on Friday, gives average increases of £14 a week. It includes rises on basic rates ranging from £8.89 to £11.25 a week for a 40-hour week, together with a further £4 a week from April 1 towards parity with Massey Ferguson group workers at Coventry.

An agreed definition of parity across Massey Ferguson-Perkins had yet to be finally determined but would be implemented by April 1, 1981.

New weekly rates, excluding the £4 parity payment and based on 40-hour day shift including attendance bonus, range from £94.20 to £75.10. On nightshift, again excluding the parity payment, the rates range from £84.25 to £98.80.

Building trade workers reject 10% rise. By Our Labour Staff. UNIONS representing about 700,000 workers in building and civil engineering rejected yesterday what they estimated as a 9 to 10 per cent pay offer.

Mr. George Henderson, national secretary of the construction and civil engineering group in the Transport and General Workers' Union, said that the offer was not high enough in terms of new money and widened differentials.

The unions, which include the Union of Construction, Allied Trades and Technicians, say that the employers are short-sighted in not paying high enough wages to retain a skilled labour force.

Motorcycle sales rise. MOTORCYCLE AND moped registration figures for March show a strong sales recovery after the winter. Moped sales rose 46 per cent compared with last March as mopeds well down on last year for the first two months—were up 1 per cent. Total sales, including scooters, rose 7 per cent from 17,815 units to 19,088.

Coach terminal improvements. VICTORIA COACH terminal, London, is to be modernised over the next two to three years to ease congestion. It is used daily by about 150 National Express services, running to all parts of the country.

BL to meet unions as strike wavers. ENGINEERING union leaders will meet BL management next week in an urgent attempt to resolve the skilled workers' dispute and save the company's national joint negotiating committee from collapse.

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Teachers may bar extras

BY ALAN PIKE, LABOUR CORRESPONDENT

LEADERS of the National Union of Teachers decided yesterday to recommend their members to "withdraw goodwill" after the Easter holiday following failure of negotiations on a claim for increases of up to 36.5 per cent.

The NUT executive unanimously decided upon the action. It will seek endorsement from the union's annual conference, which opens in Scarborough today.

If, as expected, the conference accepts the recommendation, it will result in teachers taking action during the run-up to the General Election.

A withdrawal of goodwill would involve teachers' refusing to supervise children at lunchtime, take part in voluntary out-of-school activities or use their own cars on school business.

Next week the conference of the other large teaching union, the National Association of Schoolmasters' Union of Women Teachers' opens in Eastbourne. Delegates there are also likely to vote for action.

The teaching unions have sought increases of up to 36.5 per cent to restore the value of the 1974 Houghton award, which linked teachers' pay to non-manual salaries elsewhere. A long series of negotiations in the Burnham Committee has failed to produce agreement.

In these talks the teaching unions have been offered, like other public-sector groups, 9 per cent plus a reference to the Comparability Commission leading to further phased increases in 1980 and 1981.

But after the last 18-hour negotiating session on Wednesday it had still proved impossible for the two sides to agree on terms of reference to the commission.

Mr. Fred Jarvis, NUT general secretary, accused the local authority employers of failing to negotiate properly on the claim.

"I warned the employers on Wednesday that their attitude would cause great anger at the union's conference, and I am certain that this will prove to be the case, as the attitude of our executive shows."

The NUT says that the activities from which members will be recommended to withdraw are normally performed by teachers on a basis of goodwill because of their professional commitment and concern.

Hopes of railway pay settlement growing. BY PAULINE CLARK, LABOUR STAFF. AN AMICABLE settlement in the railway pay talks seems likely next week. Negotiations on Thursday produced a new offer to Britain's 200,000 railwaymen of possibly up to 12 per cent with productivity. Final details are expected to be agreed with the three unions next Thursday.

Five hours of negotiations with the British Railways Board appeared to have averted further confrontation between the National Union of Railwaymen and the Associated Society of Locomotive Engineers and Firemen (ASLEF) over the recent 5 per cent tribunal award to train drivers.

Various possibilities involving productivity agreements are believed to be under consideration, including proposals that would go some way towards BR's objective this year of losing about 2,000 jobs through natural wastage.

The unions, which also include the Transport Salaried Staffs Association, representing white-collar workers, said they would report back to their executives in time for next week's meeting. Previously they had rejected a 6.38 per cent offer.

Engineers plan action if offer is not improved. UNION LEADERS in the engineering industry are preparing to take industrial action unless they gain an improved offer from employers on their national pay claim.

The Confederation of Shipbuilding and Engineering Union's executive is to seek an early meeting with Engineering Employers' Federation, if possible next week, at which it will demand an improvement on proposals to raise the basic craftsman's rate from £60 to £65 a week.

LABOUR NEWS

BY ALAN PIKE, LABOUR CORRESPONDENT

LEADERS of the National Union of Teachers decided yesterday to recommend their members to "withdraw goodwill" after the Easter holiday following failure of negotiations on a claim for increases of up to 36.5 per cent.

The NUT executive unanimously decided upon the action. It will seek endorsement from the union's annual conference, which opens in Scarborough today.

If, as expected, the conference accepts the recommendation, it will result in teachers taking action during the run-up to the General Election.

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gas, n indo, rs wan, v risk, n world, output, shipping

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SNP calls for more cover on television

BY RAY PERMAN, SCOTTISH CORRESPONDENT

TELEVISION news coverage of the election campaign could be substantially affected by a court action to be heard on Tuesday against the Independent Broadcasting Authority.

The Scottish National Party has asked the Court of Session in Edinburgh to ban the transmission in Scotland of all programmes which do not maintain a fair balance between the parties by including its views.

Finance phone-in brawl averted

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE old bruiser and the challenger have met for the first time during the election and both have, so far, emerged largely unscathed with no winning blows.

Mr. Denis Healey and Sir Geoffrey Howe, the two main candidates, met for a long phone-in programme which was a drawing room discussion rather than a shouting match.

Council row deferred

BY PAUL TAYLOR

THE Conservative-controlled local authority associations appear to have stayed off an open rift over the Government's plans for local government reorganisation until after the general election.

The Conservative Party broadly favours the changes. Over the past few weeks, Conservative Party leaders have been involved in a series of backroom negotiations in an attempt to patch up the differences and the first formal meeting between the two associations took place this week.

Tories claim homes profit

BY PAUL TAYLOR

THE CONSERVATIVE administration at the Greater London Council is claiming a £30m profit on the sale of more than 5,900 council homes since the sales policy was adopted in 1977.

These homes cost £24m to build and receipts from sales, including discounts to tenants, have totalled £54m to date. However, the figures do not include allowances for loan charges.

Despairing voters view all parties with suspicion

BY DAVID BELL

TWO MILES from Newcastle's impressive new shopping centre, blocks of flats stand boarded up and empty.

wood Road is threatened with closure. The talk is that Vickers, which once employed 25,000 people in its heavy engineering works in the city also wants to shut its other two Newcastle factories.

Tory talk of cuts in public spending causes real fear in a city where something like 40 per cent of the workforce is directly or indirectly dependent on the state for a job.



Newcastle

But these are not part of the city's 19th century legacy of awful housing. They were built only 20 years ago and the council will be paying for them for the next 50 years.

Some of the houses built much more recently already have serious problems. Mould grows on the walls, window frames leak.

No-one believes that steel will be made at Consett for much longer—and more than 200 advance factories built by the government are empty, some of them at the very gates of the shipyards.

Newcastle's unemployment rate is already twice the national average, but it is probably far higher in Newcastle Central.

There is, however, not much discernible enthusiasm for any of the parties among the electorate in the two constituencies.

At the last election, his majority was only 430 and since then the number of students, council house tenants and immigrants in his constituency has increased.

There are bright spots in the North-east. Washington New Town, for example, has succeeded in attracting new industry to the region.

Measured against U.S. cities like Cleveland or Detroit its city centre is a triumph of success.



Sir William Elliott, Tory MP for Newcastle North

Yet none of this has been enough to stop the steady haemorrhage of jobs. The city is very much a branch economy dependent on decisions made miles away.

The Labour vote in the North-east will probably hold, but it will not do so enthusiastically.

There are bright spots in the North-east. Washington New Town, for example, has succeeded in attracting new industry to the region.

two years, rightly argues that criticism of the housing policy is made with hindsight.

But that does not any longer mean much to voters in Newcastle Central.

It is a bleak picture. It used to be said that when Britain gets a cold, Newcastle gets influenza.

NEWCASTLE CENTRAL Electorate 23,890

By-election November 5, 1976: Cowans (Lab) 4,692; Ellis (Lib) 2,554; Sower (C) 1,945

NEWCASTLE NORTH Electorate 39,556

General Election, October, 1974: Short (Lab) 10,545; Faith (C) 2,432; Ellis (Lib) 1,726

Unionists to run rival candidates

BY JOHN LLOYD

THE Official Unionist Party in Ulster yesterday confirmed that it would run candidates in three of the Province's constituencies where the threat of splitting the Unionist vote is strong.

In Fernmanagh, South Tyrone, which has a marginal Roman Catholic majority, the party chose Mr. Raymond Ferguson, a local solicitor.

In North Down, the seat held by Mr. Jim Kilfedder—who has cut himself adrift from the Unionist Party—Mr. Henry West's Official Unionists have selected Mr. Clifford Smyth, a one-time supporter of the Rev. Ian Paisley.

The Unionists also confirmed that Mr. Edwin Turner would contest the Mid-Ulster seat, which is the territory of Mr. John Dunlop, UUP.

He suggested talks between the two Unionist factions to agree a deal on Mid-Ulster seat, which is the territory of Mr. John Dunlop, UUP.

A FUTURE Conservative administration "represents the threat of the most socially divisive government which Britain has seen since the war, according to Mr. Michael Stead, President of the Liberal Party.

Addressing the Young Liberals' conference in Bournemouth yesterday, Mr. Stead said that the Conservatives were a divided party, but one dominated by "Mrs. Thatcher and her acolytes."

MR. RICHARD WALNIGHT, the Liberal's industrial spokesman, told a meeting in Oldham that talk of slashing public expenditure without an explanation of where the cuts would fall "insults the electorate."

Trade union policies which concentrated on the influence of the TUC with no firm proposals on shop-floor militancy "constitute an absurd assumption that voters do not listen to the news of the day."

The Association of Scientific, Technical and Managerial Staffs has donated a further £50,000 to Labour's election fund, bringing its total contribution to £100,000.

Mr. Clive Jenkins, the union's general secretary, said that his national executive had decided to double the donation "because it views with great concern the effect of Conservative policies on Britain's unemployment levels."

Steel tries to balance UK seesaw

BY JOHN LLOYD

THE THEME of Mr. David Steel's campaign, conducted from a specially designed bus with "The Liberal Breakthrough" on its destination board, is summarised by the design of his campaign poster.

It shows Mr. Steel, looking purposefully out of a background on which the figures of two duellists—Mr. Callaghan and Mrs. Thatcher—are standing, pistols raised, back to back, ready to fight.

There is, says Mr. Steel (below) conflict and division running like a geological fault through our national life and like a fault, it can and does give rise to eruptions and disasters.

In speech after speech on a gruelling schedule he hammers away at the instances of these divisions—between rich and poor, between the two sides of industry, between Labour and Tory.

"There are two health services," he has told audiences in Berwick, Blackpool and Chippenham, "a good one for those who can afford it, a second class one for those who can't."

In a number of his whistle-stops, he has recalled a recent visit to a "leading multinational," employing some 4,000 workers in the UK.

Citing a prime conscious imitation of Prince Charles' controversial critique of British management, he tells his audiences that he talked to the shop steward in a filthy room, and heard that the company was about to transfer a production line to its French subsidiary.

"Do you know how they learned of the move? They learned of it from their French colleagues. And later in the luxurious boardroom, the company's directors told me that



Mr. David Steel, Liberal leader

British industry was being ruined by Trotskyites.

Mr. Steel shakes his head sadly—but, following royal precedent, he refuses afterwards to name the company.

There is conflict and division, too, in the "see-saw of party politics," brought in by one party, scrapped by the other, the effect being to fuel resentment and increase militancy—and breaches of those policies.

The seesaw continues in the state industries: British Steel Corporation was bid of investment while its owners expected it to be nationalised, bid again while the state expected it to be de-nationalised.

Mr. Steel's close friend, the late Professor John Mackintosh, the Scots Labour MP, addressed two trade union audiences in one day—the first in West Germany, in a gleaming modern auditorium in a newly-

built office block: the second in a cold, peeling room lit by a naked bulb in a Glasgow labour hall.

After he had finished the second address, a Glaswegian worker had stood and said—"It's all very well, this solidarity with our European comrades, John—but ye see, we dinna want to be brought down to their level."

But, says Mr. Steel, the British people know their level, and they know it is above that now existing in the UK.

"I don't know about other generations, but mine (Mr. Steel is 49) grew up in a country that so much was sacrificed in the fight against Germany in the last war, and now they beat us so easily in the economic sphere."

Mr. Steel continues in the German vein, saying that his counterpart in the German liberal party, Hans Dietrich Genscher, pointed out to him that Britain had given Germany devolved government, worker participation and proportional representation—and taken none of them for itself.

The German point is his crucial one. For if a smaller German Liberal Party can hold the balance of power and help ensure stability and dynamism, could not the British Liberal Party do the same?

Mr. Steel's punchline is just this: that his party should be included in any future Government, for only with its participation can the country win.

"Edge Hill has shown that there is a generation which is sick of seeing Britain as a failure: a generation which wants success."

The message is thus one largely shorn of ideology—no longer Mr. Jo Grimond's "new radical party of the left," though Mr. Fardoe fondly exhumed the phrase in his North Cornwall constituency earlier this week.

Both the Labour Party and the Conservatives have been reluctant to address these linked issues directly.

While Labour has come out firmly against the South African economic connection—"we will take active steps to reduce our economic dependence"—it has not accepted the consequence of this policy by stating that encouragement should be given to mining groups to develop alternative sources of supply.

At stake are minerals like platinum, chrome, manganese and vanadium, all of which have high technology uses in each case, South Africa is a major supplier to Europe, which would have to look to the Eastern bloc to make good any shortfall in deliveries.

The Conservatives do not mention South Africa at all, although Mr. Francis Pym made it clear last November that the party was against Western economic sanctions, partly because they would imperil access to the mineral reserves.

The importance of South Africa is that any reduction or curtailment in its supplies would exacerbate what could, in any case, be a difficult supply of minerals.

European mining companies have calculated that simply to maintain the flow of the main non-ferrous metals to Europe over the next decade demands an investment of \$2.4bn a year.

Both parties commit themselves to aid programmes in the developing world in a general sense and seek the development of trade, but neither of them at this stage seems prepared actively to promote minerals ventures.

Nor is there any commitment to the removal of exchange controls on direct mining investments.

Thatcher challenged on public sector pay

BY RICHARD EVANS, LOBBY EDITOR

THE PRIME Minister has challenged Mrs. Thatcher to withdraw a statement which he claimed implied a Tory Government would not necessarily implement pay rises for public sector employees agreed through the new Pay Commission.

Mr. Callaghan said in a campaign speech in Gloucestershire on Thursday that this new development represented "a serious threat to industrial peace" and could lead to a

petition of last winter's industrial unrest.

The clash between the party leaders followed comments by Mrs. Thatcher at her morning news conference at Conservative Central Office when she said cash settlements already agreed would be honoured but when the recommended amount was above the total of money available, economies would have to be made. But she did not specify where.

Speaking in the mining town of Cinderford in the Forest of Dean, Mr. Callaghan said the Government had created the new Pay Commission which, by agreement, would resolve the difficult question of comparing pay and reaching settlements in some public services.

Mr. Phillip Bradbury, the constituency chairman and agent, said last night that Mr. Dickens had sought to "freeze the party's politics" by insisting that his programme was unanimously adopted.

He did not believe that the resignation would have an adverse effect on the Labour Party's vote in Newham.

"We have had a lot of trouble here in recent years, but we received positive support in the local elections last year. We won six seats from the ratepayers, against the trend in local elections throughout the country."

The seat was previously held by Mr. Greg Prentice, a former Labour cabinet minister and now Conservative candidate for

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The Tories last night denied Mr. Callaghan's charges. Mr. James Prior, shadow employment spokesman, said Mrs. Thatcher had already made it clear that she will respect the Commission's recommendations.

"However, she also added that, as Mr. Healey explained recently in the Commons, offsetting economies might have to be made to finance them."

NEC selects three Newham candidates

BY JOHN LLOYD

LABOUR'S National Executive Committee has presented its constituency party in Newham North-east with a choice of three candidates to fill the gap left earlier this week by the resignation of Mr. James Dickens.

The Newham party's general committee will meet on Tuesday night to choose between Mr. Richard Clements, the editor of Tribune, Mr. David Bron Jones, a former industrial writer on the Daily Mirror, and Mr. Ronald Leighton, who took a leading part in the Common Market Safeguards Committee.

The NEC's campaign committee, moving rapidly to fill a possibly damaging vacuum, has thus reversed the normal procedure for selecting candidates, where the constituency party's choice is endorsed by the NEC.

Mr. Dickens resigned on Wednesday, after his election programme failed to gain unanimous backing from the Newham party's general committee.

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THE WEEK IN THE MARKETS

هكذا من النهر

Sterling at the summit

Just as the supposed hidden benefits of the three-day week have entered industrial mythology...

day, the next call is not one until mid-May, well after the election. Sterling's appreciation poses serious questions...

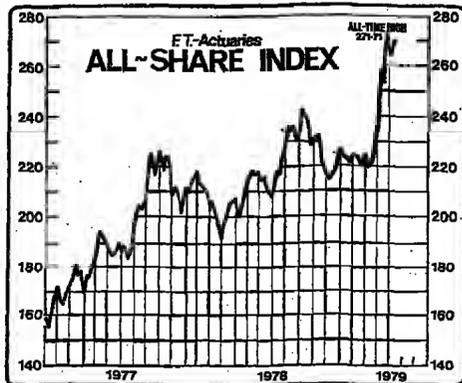
Interest obviously centres on how Hawker invests its towering cash balances which stand currently at around £120m net.

LONDON

ONLOOKER

Wonder at Woollys

The news that Brascan was bidding \$1.13bn, or \$35 a share for F. W. Woolworth sent the shares of Woolworth's 52.7 per cent British subsidiary up 13p to 87p on the week.



the bid looks unlikely to succeed. This may leave the U.K. Woolworth shares a little vulnerable.

Smiths slip

W. H. Smith is a household name, and one of Britain's most successful retailers, so news of unchanged pre-tax profits of £20.2m in 1978-79 came as a nasty shock.

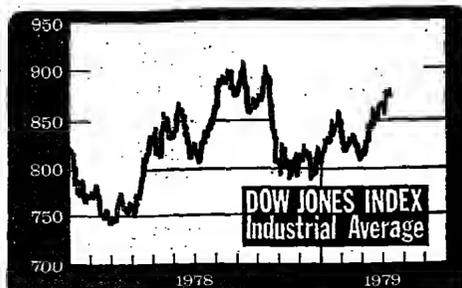
the country's newspapers) was hard hit by Fleet Street's troubles. In addition, it had to bear the burden of sharply higher depreciation charges.

A saintly EGM

Last Wednesday saw the last chapter of one of the most extraordinary Extraordinary General Meetings of recent times.

The glass of fashion and the mould of form

Stock market investors have again thumbed their noses at historical forces over the past few days, while at the same time ensuring that the week is marked in the history books as one dominated by two companies, Woolworth and IBM.



After the market had blown bim a raspberry last year by falling 1.04 points the day before Good Friday, Mr. Merrill adjusted his figures slightly to tell the world this week that about 80 per cent of Mainland Thursdays had now yielded a

climbed nearly 3 points, on the Composite tape. Inability to trade the stock brought much muttering of oaths from brokers and a positive explosion of activity in the over-the-counter dealer market...

from the way it has tended to turn a Nelsons eye to most troublesome news items recently. In the main corporate earnings in the first quarter are going to be good in comparison with the same period last year...

NEW YORK

JOHN WYLES

market gain. Soon the Thursday before Easter will be as unpredictable as any other trading session for the market has again departed for its Easter vacation on a modestly falling note.

But not, it must be stressed, before having established a new high for the year on Tuesday in celebration of the pay settle in the trucking industry...

For those who have been looking elsewhere this week, Woolworth was the target on Monday for a \$1.125bn, or \$35 per share, proposed takeover by a Canadian holding company, Brascan Ltd. The New York Stock Exchange authorities decided it was appropriate to keep the stock on ice until after the Woolworth board had publicly responded to the bid...

If Hamlet was temporarily absent from Elsinore, there was still a Polonius shedding blood behind the arras. The unlikely occupant of this role was IBM which slipped on the Composite tape this week from \$181 to \$111. This stock has been performing very creditably in the market's advance this year...

On Wednesday, however, IBM sent a frisson through the market with a first quarter earnings report showing a 20 per cent increase in revenue but only a 13 per cent rise in income. Many analysts had expected earnings of up to 80 cents a share more than the \$457 reported and there has been some quarrelsome barking between them as to whether IBM may disappoint its investors this year.

With Mr. Michael Blumenthal, the Treasury Secretary, publicly demanding this week measures to curb inflation and to cool the economy down, all eyes are now fixed on next Tuesday's meeting of the Federal Reserve Board's open market committee, which will decide whether to nudge short term interest rates upwards in the coming month.

Since economic activity is now unimpeded by a shutdown of the trucking industry, the betting is on the Fed making some move to firm monetary policy. In the short term, the market has probably discounted a raising of interest rates for the first time in four months, but with rates on long term corporate bonds already moving upwards, it will be interesting to see whether stocks can still retain the vigour which they have shown so far this year.

CLOSING PRICES table with columns for Monday, Tuesday, Wednesday, Thursday and values for various indices.

Your Weekend & Austria 26.70, Belgium 22.75, France 2.35, Italy 1.225, Greece 73.75, Spain 140.25, Switzerland 3.54, U.S. 2.08. Source: Thomas Cook.

MARKET HIGHLIGHTS OF THE WEEK

Table with columns: Price, Change on Thursday, Week, 1979 High, 1979 Low, and various market indicators like Govt. Sec. Index, A.B. Electronic, etc.

U.K. INDICES

Table with columns: Average week to, April 12, April 6, Mar. 30, and various financial times like Govt. Sec., Fixed Interest, etc.

Table with columns: FT ACTUARIES, Capital Gds., Consumer (Durable), etc., and values for various categories.

Table with columns: TOP PERFORMING SECTORS IN FOUR WEEKS FROM MARCH 15, % change, and various sectors like Breweries, Insurance, etc.

How the private investor can benefit from increasing energy prices

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Save & Prosper Energy Industries Fund provides a portfolio invested internationally in energy and associated industries.

The problems of the last four months in Iran have resulted in a marked reduction in the world's oil supply.

A 9% increase on basic oil prices was introduced on 1st April and special surcharges will shortly be introduced, resulting in price increases of between 24%-31% during the first half of 1979.

Demand for oil and oil-related products remains strong and profit margins of oil companies are widening.

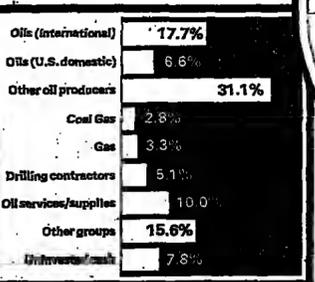
In the USA oil prices will rise in stages with a consequent benefit to domestic producers.

Prospects for oil discoveries in the Rocky Mountains, Louisiana, Texas, Mexico, Western Canada and parts of South East Asia are bright and this should benefit companies committed to exploration.

Demand for coal and gas in the USA is likely to remain firm as oil prices rise to world levels.

We believe that the portfolio of Energy Industries Fund is well structured for present conditions. More than half the fund is invested in oil companies, both in Britain and the USA, and we expect their shares to outperform many other sectors of the stock market.

The fund also has a major commitment to oil services industries and to drilling contractors. As oil prices continue to rise, more areas of



exploration throughout the world are likely to become financially viable, creating greater demand for the services of such companies.

Although no equity-based investment is without risk we firmly believe that prospects for Energy Industries Fund are good.

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Form fields for Name, Address, and other personal details.

I declare that I am over 18 and am not resident outside the UK or other Scheduled Territories and that I am not acquiring the above units as the nominee of any person resident outside these Territories.

Form fields for Signature and Date.

If you are an existing unitholder please state account No. If you would like details of our regular savings plans please tick below.

Form fields for investment preferences like With life assurance, Without life assurance, etc.

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- With Profits Insurance Survey.
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- Planning for School Fees.
- Pensions for Self-Employed.
- Financial Advice for Expatriates on Tax Position and Investment Possibilities.
- Executive Pension Schemes—Self Administered and Insurance Linked.
- Share Exchange—How to change your shares for Unit Trusts or Insurance Bonds.
- Commodities as an Investment.
- Comprehensive and detailed Survey of Permanent Health Insurance.
- Guaranteed Growth and Income Bonds.
- How to get over 13 per cent after tax on your savings in just four years.
- Hospital Cash Scheme.
- Diamonds—Risk and Rewards.
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# FINANCE AND THE FAMILY 1

## Release from a covenant

BY OUR LEGAL STAFF

I have for the past four years been making payment to a relative under a covenant "to pay such a weekly sum as after deduction of income tax therefrom will leave the clear weekly sum of £4.50 in the hands of the beneficiary." However my own tax rate for the current year has fallen solely within the new 25 per cent tax band. Do I state that I have deducted tax at 25 per cent instead of 33 per cent? What do you advise?

The total amount payable under your deed of covenant during the current tax year is  
Gross 33% tax Net £ 349.25 115.25 234.00  
or, if the payments fall due on Thursdays:  
Gross 33% tax Net £ 355.97 117.47 238.50  
The result will be that the top £349 (or £355) of your income will be taxable at 33 per cent, instead of 25 per cent. Possibly you may wish to invite your relative to execute a deed releasing you from your legal obligation to make the future weekly payments due under your covenant.

### Loan to buy a house

My estate is left to my two sons, the younger of whom is just about to start work

in London. Could I lend him the price of a house he wishes to buy, until such time as he can obtain a mortgage on a larger salary, when he could repay me? I am concerned about CIT as my main preoccupation being that my younger son should not have to sell the house in order to pay it, and his brother's share, of my estate? If the loan is made at a proper rate of interest, your proposal should be satisfactory. If you do not charge interest, or take an artificially low rate this may be treated as an element of gift, but is still not likely to present too great a problem for Capital Transfer Tax. You may wish to make provision by will to release the loan; and in any event would be wise to consult a solicitor.

### House sale to son

I am retired, though comfortably off, and wish a house worth about £75,000. Our only son has an income taking him well into the higher tax brackets. We propose giving him about £25,000, he will raise a mortgage of about the same amount, and after making up the difference, will purchase the house, and my wife and I will live in it rent free. As I see it, this will release capital to us and give our son an improving

### Trustees and personal tax liability

My father and I who are the sole beneficiaries of my late mother's estate, have agreed to apply it to charitable purposes, and meanwhile, have invested the money in a share account with a building society. We have given the title The Memorial Fund and the society has named my father and I as trustees. We have received a dividend taxed at source, which we have paid back into the Fund. Is any tax due and if so, on what basis? Does the income earned by the Fund affect the trustees' personal tax liability? You and your father seem to have got yourselves into a tax tangle. If you engaged the services of a solicitor in obtaining probate then we suggest you ask him for help to bring you out of the tangle. The Memorial Fund has

no legal status, and so the income belongs to you and your father (in whatever proportions your mother's will states) and is taxable at your respective top rates, in effect. If you gave the building society staff the impression that The Memorial Fund is a discretionary trust, covered by sections 16 and 17 of the Finance Act 1973, then they may unnecessarily have paid basic-rate tax in respect of the interest (instead of only composite-rate tax). In tax—as in many legal matters—short cuts often lead only to the middle of a labyrinth, unfortunately. If you do not wish to consult a solicitor (or other tax adviser), you may like to get in touch with the Charities Aid Foundation, 45 Pembury Road, Tonbridge, Kent, TN9 2JD.

asset. Do you see any objections? We think that your proposal is an acceptable means of achieving your object. There is no reason why it should not be put into effect by a straight sale to your son on his obtaining a suitable mortgage advance, although there will of course be a considerable bill for stamp duty.

### Bungalow in joint names

A husband by will left all his estate to his wife, including a bungalow now registered land in their joint names. What documents will the Land Registry need to transfer title to the widow?

The Death Certificate should suffice if the registration is not subject to a restriction for tenancy in common.

### House transfer to joint names

(a) I have been considering the transfer of my house (registered property) into the joint names of my wife and myself. Can you suggest how I myself should set about it? (b) If I did not do this, but

### A non resident's tax

I am a non-resident for both tax and exchange control purposes and am working in the Seychelles. When I return to the UK later this year, will interest in dollar unit trusts in Switzerland and Jersey be classified as income from a continuing source and amenable to Schedule D income tax on a preceding year basis? Will foreign securities have to be sold, following my return? The answer to your first question is yes, in principle, but much depends on the precise fact which you have in mind. You will find general guidance

predeceased my wife to whom all my property is left, would her procedure be to obtain probate, pay off the mortgage and advise the Land Registry, and the Land Charges Registry?

(a) Your best course is to make a declaration of trust whereby you declare that you hold the property (describing it) on trust for yourself and your wife in equal shares; and later to appoint your wife a new trustee, the deed of appointment enabling her to be registered as a joint proprietor with you.

(b) Yes, but she would not be obliged to pay off the mortgage immediately, and there is no need to communicate with the Land Charges Registry.

### Permission for an improvement

I hold a lease on a flat in a converted house. The rest of the tenants object to the fact that one of the four tenants proposes to add another room, which would necessitate breaking into main outside walls. A covenant in the lease forbids such alterations without the written permission of the landlord and such permission has been refused, but it seems the tenant has been told that in some circumstances he can

proceed without the landlord's consent. Is this possible? It might be possible for the landlord's refusal of permission to be nullified if the work for which permission is sought is an improvement (which it seems to be) as Section 19(2) of the Landlord and Tenant Act 1927 would apply. However, the landlord should be able to stand his ground on the basis of having refused consent because of other tenants' objections. In practice if the tenant who wishes to build offers an indemnity against damage to the structure the work is likely to be permitted.

### Leases for seven years or more

When a lease for seven years or more is submitted to the Controller of Stamps for stamping it has to be

### Wife's personal allowance

Does the non-resident British wife of a U.S. national forfeit her personal allowance or is it possible to ask for separate assessment although all her income is "earned"? The husband currently has no income. They live in Israel. No section 27 relief (restricted personal reliefs) can be claimed by the wife (since her husband is not a citizen of either the Commonwealth, the Irish Republic or Israel), unless by chance her husband:

- (i) has at some time been employed in the service of the Crown; or
  - (ii) is employed in the service of a UK missionary society; or
  - (iii) has previously resided in the UK and is resident in Israel for the sake of his wife's health or his own.
- Separate assessment (for 1979-1980 onwards) will not help, because section 39(1) of the Taxes Act limits the couple's personal reliefs to the amount which they would be entitled to if they were assessed in the standard fashion. Unless they were married on April 6, however, the wife can claim section 27 relief for the whole of the year of marriage. It is a pity you did not say what kinds of income you have

in mind. The Israel-UK double taxation agreement of September 28, 1962 (as amended by the protocol of April 20, 1970) limits the rate of UK tax on interest, for example, paid to a resident of Israel to 15 per cent. No UK tax is, of course, deducted from dividends and, although the agreement does not (at present) provide for any payment of the unmet tax credit, the rate of directly assessed tax (e.g. investment income surcharge) is limited to 15 per cent of the actual dividends. Rental income is liable for unlimited UK tax, but the first £750 should be eligible for the reduced rate of 35 per cent. In a local reference library, you should find a copy of the Israel-UK double taxation agreement in, for example, volume 5 of the British Tax Encyclopedia or volume F of Simon's Taxes. You could also ask your local tax office for a copy of the booklet (FR20) on the taxation of non-residents. No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

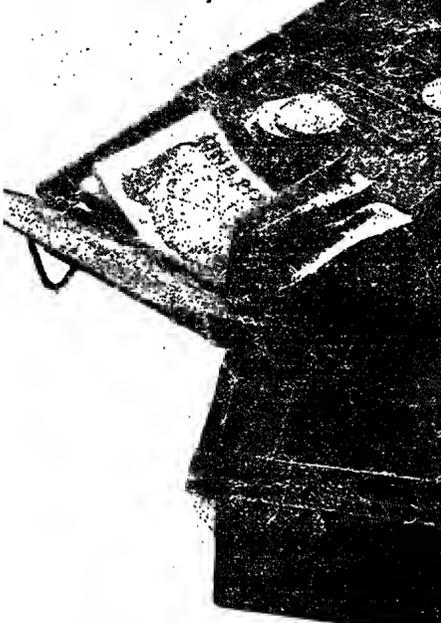
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If you've kept your savings in cash, or simply placed them in something like a straightforward savings account then the answer is probably "No". The best way money is doing at the moment is coming in interest, and in these inflationary times that really isn't good enough. What you need is a scheme that gives your capital the chance to grow too. And that's what the new contracts from GRE Linked Life Assurance Limited are designed to do. Why should you invest through an insurance company? GRE Linked Life Assurance Limited is a specialist subsidiary of Guardian Royal Exchange Assurance, one of Britain's largest insurance companies with assets of over £2,500 million. GRE has over 250 years' experience in using investment skills, as well as underwriting expertise, to fulfill the expectations of policyholders. And it is this investment experience that lies behind these three new contracts. Single Premium or monthly saving? Which is right for you? The three contracts are designed to suit everyone from the investor who can pay a large sum every month out of income. The Capital Builder is a regular savings policy with a minimum premium of £10 a month. You can keep the contract in force until you are 70 or you may cash it in after ten years without incurring any penalty. The High Investment Plan is a 10 year regular investment plan with minimum life assurance protection specially designed for the larger investor. The minimum monthly premium is £20.

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## Rebuilding from the ground up

LAST WEEK I mentioned an apparently curious legal decision where the Court of Appeal had confirmed insurers' right under a home buildings policy to pay not the cost of reinstating a cottage, but only its market value which was some thousands of pounds less, although premium had been paid for the former. Briefly, there were facts that made this decision most justifiable—the owner had the building empty, trying to sell it and the cost of reinstatement would have more than doubled the market value that the building would have had after reinstatement. For the average home owner, of a modern, or even 1920-1930 house, the market sale value of his property will comprise the basic land value plus the cost of construction. When he properly insures for the cost of rebuilding from the ground up, he is not in any way at risk from insurers exercising their building policy option of reinstating how to indemnify by paying cash to the policyholder or by meeting the contractor's bills. This being so, for such a home owner there is no question of his paying too much for his cover by insisting for reconstruction costs, no question of insurers, however justifiably, effecting a settlement which appears to be unrelated to the premium he has paid. So these following thoughts are for anyone of the minority—admittedly a large number—

who own an older property, with low market value, who would face bills in excess of that value if his home were to be totally destroyed and then rebuilt from the ground up. Commonsense dictates that if I have lost my home—worth only £25,000 including its supporting land—and it will cost about £40,000 to rebuild, then it is better for me to look

collected by this rating process has to pay for only a handful of total destruction claims. The daily demand for home "buildings" protection is, for example, for damage caused by the kitchen fire, or by the thief who has smashed doors and windows to get in and out. Even now, with present day building costs, the average "buildings" claim is well under £500. It is the mill "claim" that the majority of policyholders trouble their insurers—and as the major company accounts and claimants' statements in recent years show, insufficient premium has been generated to enable insurers profitably to handle both these and the exceptional few total loss claims.

Some insurers are prepared to make special terms for the policyholder who puts this kind of proposition to them. They will probably take some point between market value and reconstruction cost as the sum insured, charge their normal full rate on that sum, but fix the maximum payment they will make. The policyholder is covered for the "run of the mill" small claim, but has to accept that he may have what insurers call a constructive total loss and have to move if, say, his home insured is £75,000 and the cost of repairing his part-damaged home is around this figure. I emphasise that some—and, therefore, not all—insurers are prepared to make this kind of special arrangement, and positively agree to take premium on something less than reconstruction cost. Those that are of course have their own underwriting criteria. But if you feel you have a home which demands exceptional treatment, why not ask insurers and see what they say? After all... you might be pleasantly surprised, and you are no worse off if your request is refused.

## INSURANCE

JOHN PHILIP  
around and what other similar £25,000 houses there are in the locality, and then move. This being so, why do insurers insist on my buying cover adequate for total reconstruction cost when it is in both our interests to settle for around £25,000? The answer lies, partly in the method of premium calculation employed, by almost all insurers throughout the British market, partly in the fact that total destruction claims are the exception rather than the commonplace. Premium is charged at a rate on the sum insured—the majority of companies charge £1.25 per £1,000—through it is a well authenticated secret that many would like to raise this rate to £1.50, because of the adverse trading results they have had in recent years. The premium fund

neither planned training nor further education. Hence the paper proposes the offering of short-term grants to employers to set up "traineeships" of three to 12 months' duration to provide for deprived youngsters into the 18-18 age group. These traineeships would be developed in conjunction with special "vocational preparation committees" to be formed by the Manpower Services Commission's industrial training Boards in collaboration with the Department of Education and Science, Q.E.D. The main hope is that grants paid during the term of the traineeships, which would

include a couple of days a week at college or otherwise off-the-job, would induce employers to make such provisions for about one third of the deprived 16-year-olds annually. But if that target were not achieved by 1982, then financial hand-outs would be replaced by legislation. The document suggests that this might ensure "either an employee's right to vocational preparation or a compulsory attendance requirement enforceable on employees themselves; in each case there would be obligations on employers to release their employees." Now this looks like a plan to face employers with the choice of being either bribed or forced to take on considerably more young workers than they thought they needed. So I put the question to Mr. Booth. "He agreed that—in many instances the need to cover for youngsters away from off-the-job instruction, would have the effect of increasing the numbers employed. It was confirmed also that where the traineeship lasted six months or more, the trainees positions would be secured by the Employment Protection Act." So the plan is to saddle industry and commerce with the uneconomic burden of extra young workers in official hope that they will thereby be taught skills which, the document makes clear, could mostly be

taught during 11 years of compulsory schooling. From the governmental viewpoint the scheme has advantages apart from that of employing more civil servants in keeping occupied more of the young people whose productive employment is presumably not foreseen by present industrial strategy. The proposals would also provide things to do for numerous further education teachers who might otherwise be rendered redundant as the 16-18 age group falls by 25 per cent between 1982 and 1992. Moreover, the scheme allows Government to present itself as concerned about deprived 16-year-olds, without publicly facing the teachers' unions with evidence that many of their members are shamefully neglecting the life chances of just such young people. If the wish were really to help children threatened with educational deprivation, the Government's last pre-election document for discussion would not have consisted of these casuistic proposals.

## Some last-minute thoughts

NEVER BEFORE had I been invited to witness two country-bound Cabinet Ministers pausing at the last minute to lament the lack of educational opportunity for thousands of school-leavers. So the sight of Mrs. Shirley Williams and Mr. Albert Booth, Secretaries of State for Education and for Employment, introducing the Government's final pre-election document, seemed too unusual to be missed. On the other hand, the document, entitled A Better Start in Working Life, awake in me certain misgivings. For one thing it argues that Britain should raise public spending on 16- to 18-year-old workers in emulation of Sweden and Germany whose "economies are already reaping the benefits of a better trained and educated workforce." That might have impressed me a decade ago. But I have since heard numerous internationally reputed economists ruing that whatever factors might seem to explain why some countries have done better economically than others, expenditure on education and training is definitely not one of them. Anything misgiving was that long experience suggested a virtual certainty that a "consultative paper" with such a title, being introduced by that particular combination of Ministers, would have the basic

purpose of increasing the spending-power of the Department of Education and Science and of the quasi-governmental Manpower Services Commission which notionally comes under the Employment Secretary. But duty being duty, I attended the introduction. Experience proved right even though the paper's ostensible concern is the 300,000-plus youngsters who each year leave school and thereafter receive

neither planned training nor further education. Hence the paper proposes the offering of short-term grants to employers to set up "traineeships" of three to 12 months' duration to provide for deprived youngsters into the 18-18 age group. These traineeships would be developed in conjunction with special "vocational preparation committees" to be formed by the Manpower Services Commission's industrial training Boards in collaboration with the Department of Education and Science, Q.E.D. The main hope is that grants paid during the term of the traineeships, which would

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# GREAT INVESTMENT

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# FINANCE AND THE FAMILY 2

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## The basic rules for an instant Budget

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ASPIRING Chancellors of the Exchequer can promise to cut this tax or spending programme or increase that one with all the euphoria of the hustings during the next three weeks.

Indeed in theory, an incoming Chancellor can be supplied by the Treasury with as many combinations of measures or building blocks for a Budget as he or she could wish.

But the options are rather less sweeping in practice. Leaving aside for the moment economic and monetary constraints, the need to prepare a full Budget within five or six weeks rules out any radical reforms of the tax structure. Even smaller tax cuts (and over-worked Treasury and Inland Revenue officials might raise more than a murmur if a new Chancellor tried to say to implement the proposals in the Meade report for changing the whole tax system.

So a new Chancellor would largely have to make do in his first Budget with changes in the existing tax structure and pattern of public spending. The accompanying tables provide some idea of where the money comes from and where it is spent.

The figures are not exactly comparable since only central Government revenue is shown (£43bn in 1978-79) and not local authority rates. Moreover the estimated revenue for the financial year just ended and the ready reckoner of changes is for the same period. Up-to-date

estimates for changes in the 1979-80 financial year would show somewhat larger figures. In some cases the increase might be of the order of a tenth but the adjustment is not proportionate and depends on the timing of changes.

The proposed level of public spending, as set out in last January's White Paper, is on the basis of 1978 survey prices, which means those ruling at the end of 1977. Consequently it is necessary to add on at least 10 to 15 per cent for current prices.

On the revenue side the most striking feature is the heavy dependence of central Government on income tax, even after the £5bn of tax cuts (partly adjustments for inflation) in the last three years, so loudly proclaimed by Mr. Healey in the last few days.

The proportion of total central Government revenue from income tax rose from just over 40 per cent in 1978-74 to more than 50 per cent in 1978-77 and down to just under 45 per cent in the financial year just ended.

This means that any cut in income tax affecting most taxpayers is very expensive in terms of lost revenue. A reduction in the basic rate from 33 to 30 per cent would probably cost over £1.2bn in the coming financial year and more in a full year when delayed payments under schedule D are taken into account.

The other complication is for the rest of the tax base has

altered. For instance, the corporation tax share in total revenue fell from 12½ per cent in 1978-74 to 7½ per cent in 1976-77 before rising to 9½ per cent (or about £4bn) in the last financial year. This reflects not only the squeeze on company profits in the mid-1970s but also the introduction of relief on the increase in value of stocks.

Some of the gap has been filled by a new tax—the national insurance surcharge paid by employers. This amounted to 4½ per cent of total revenue in 1978-79 (or £1.9bn) and has considerable appeal to the Treasury as a relatively easy way of raising a large amount of money. Moreover its unfavourable price and employment effects take time to work through. There is a strong suspicion that Mr. Healey intended to announce a further increase in the surcharge in his Budget that never was on April 3.

The other main sources of revenue are Value Added Tax and the duties on specific quantities of oil, tobacco and alcohol. However, a sizeable increase in these indirect taxes is required to pay for a cut in income tax. A rise of a tenth in the specific duties would only pay for a 1½ point cut in the basic rate of income tax, while a one point increase in VAT would not even cover a one point cut in the basic rate.

There is also the problem that these indirect taxes are

included in the retail price index. For instance increasing specific duties by 8½ per cent (the rate of inflation last year) and raising VAT from 8 to 10 per cent would boost the retail price index by 1½ per cent. This can be regarded as largely a statistical irritation—as it is by the Tories. People, it is argued, are prepared to put up with higher prices as a result of shifting the tax burden from direct to indirect taxes as long as take-home pay rises.

The options are also limited on the spending side. The classic study on the subject quoted one Whitehall Permanent Secretary as saying that 98 per cent of expenditure was committed well in advance and all he could do was to fiddle about at the margins.

This is partly a question of timing since there is an inevitable time lag between a decision to start or stop a project and implementation. A fair amount of expenditure is also committed because of legal requirements, notably most of the £15.6bn social security budget. In other areas such as defence, education and health services, there are also firm commitments for any government, which may preclude large cuts.

This does not mean that there is no scope at all for quick spending cuts. In 1978 the present Government had three separate packages of expenditure measures. But in each case the main impact was on the

next, rather than the current financial year.

It is possible to cut spending quickly by, for example, placing a moratorium on new construction contracts. But this has been criticised for producing an imbalance in spending between capital and current expenditure. Similarly it is possible to produce immediate savings through the sale of assets, such as the British Petroleum shares sold by the Government two years ago, or by transferring some financial transactions, like export credits, to the private sector.

Indeed the Tories have already made clear that they are looking for savings in this area, if they are elected, to bridge the gap before cuts in housing and industrial subsidies come into effect.

All this is, of course, divorced from the economic and monetary background. The major constraints on the freedom of manoeuvre of any Chancellor nowadays are the existence of an explicit target for the growth of the money supply, cash and bank accounts, and specified ceilings for public sector borrowing. This limits the extent to which taxes can be cut without also reducing public spending. So while the politicians may feel confident about being able to cut taxes, voters may soon discover—in the words of Professor Milton Friedman—that there is no such thing as a free lunch.



Economic policy rivals Healey, Pardo and Howe, all in need of time as well as money for their plans.

### READY RECKONER OF TAX CHANGES WITH ESTIMATED FULL YEAR COST OR YIELD IN 1978/79

	£m
Change on size of lower rate band by £250 (at present 25p on £750 of taxable income)	405
Change higher rate thresholds by £1,000	140
Change lower rate (now 25p in the pound) by 5p	875
Change basic rate (now 33p in the pound) by 1p	400
Change main rate of Corporation Tax (52p in the pound) by 1p	70
Change national insurance surcharge (now 3½ per cent) by one percentage point	600
VAT: 2 percentage point change in standard rate (now 8 per cent)	800
2½ percentage point change in higher rate (now 12½ per cent)	100
Change of 1p per pint in beer duty	100
Change of 1p in duty on average packet of 20 cigarettes	45

### WHERE THE MONEY COMES FROM ESTIMATED FIGURES FOR 1978-79

	£m
Inland Revenue	24,080
(including about £19bn for income tax and £3.9bn for corporation tax)	
Customs and Excise	13,334
Vehicle Excise Duties	1,113
National Insurance Surcharge	1,914

### PLANNED PUBLIC EXPENDITURE 1979/80 AT 1978 PRICES

	£m	Per head
Social Security	15,835	233
Education, Science and Arts	3,817	157
Health & Social Services	3,406	150
Defence	7,173	128
Housing	5,237	94
Trade, industry, energy and employment	3,192	37
Environmental services	3,122	56
Roads/transport	2,867	51
Law and Order	2,137	38
Northern Ireland	2,023	36
Overseas aid (including net contribution to EEC)	1,892	34
Government lending to nationalised industries	1,450	26
Common services (offices, stationery, etc.)	1,067	19
Other Public Services (Parliament, Civil Service)	918	16
Agriculture and Fishing	916	16
Contingency	800	14
TOTAL	65,856	
Debt Interest	2,300	41
TOTAL	68,156	1,217

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With cheques I enclose my own address, the Schedule 28 form and I agree to pay any applicable stamp duty on the transfer of the units to my name. I agree to pay any applicable stamp duty on the transfer of the units to my name. I agree to pay any applicable stamp duty on the transfer of the units to my name.

SIGNATURE AND PRINTED NAME

ADDRESS

POSTAL CODE

SIGNATURE

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April 10	August 13
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June 12	October 15
July 9	November 12
December 10	

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## SAVINGS AND INVESTMENTS 1

Many in secure jobs dream of working for themselves—but fear the pitfalls. Franchising can smooth the path, writes David Churchill

### A life-line for the small man from big business

DO YOU sincerely want to be rich? Do you want to work for yourself? Or are you prepared to acquiesce for the rest of your life in some faceless employer reaping the profits from your efforts?

That is the choice that companies in the fast-growing business of franchising offer. Every week they encourage dozens of people from all walks of life to swap regular jobs and part with life-savings to work all hours of day and night selling take-away chicken or clearing blocked drains.

The attraction is that these jobs are self-employed. Franchising is a system that helps smooth the path for people setting up their own businesses.

in the 18th century in the UK with the brewers' tied houses and now include petrol stations, car distributorships and voluntary grocery groups.

Second generation franchising attracts everyone from frustrated executives to redundant factory workers.

The typical franchisee is male, aged 38, has had some previous

it is a member of the British Franchise Association, set up in 1977 to improve standards and practice.

How was the franchise offered? The type of advertising is important: a box number that does not give the name of the company or spell out details in full may be a warning sign.

What about the product or service? Has it been well-tested on the market and is it priced right? Is it in danger of being made obsolete by technological developments in the near future?

Is the area you are given the rights for a good prospect? Is the contract fair? Consult a solicitor before signing anything.

What help will the franchisor give you? Will there be a full back-up service to help you if things go wrong? How much administrative and advertising support will you get?

A typical franchise contract lasts for seven years but some are as short as three years; others run for 15. Some run-pricing companies, however, only guarantee sole rights for three months although, at the other end of the scale, ice cream franchises are usually offered in perpetuity.

John Gooderham, chairman of the British Franchise Association, advises: "Don't sign papers or put up money until you have discussed the entire franchise offer with your solicitor, bank manager and family. Ask for accounting records to substantiate claims about the profitability of the enterprise. Check with a few franchisees operating more than a year under similar circumstances in your part of the country."

The association warns that

fast-food companies do not collect a royalty but make their profits from the sale of raw materials.

About half of a franchisee's income is normally re-invested in the business, often in the form of promotion and investment in technical developments aimed at maintaining growth.

And during the start-up period of a new franchise, you may find yourself ploughing back up to 85 per cent or more.

The usual tax benefits of self-employment are available to franchisees: a "perk" which can significantly increase the appeal.

Surprisingly, only one in a hundred franchisees was terminated during 1978, with partings instigated as often by franchisees as by franchisors. The most common reasons for giving up were that the franchisee "proved to be a square peg in a round hole," or that initial profits were

#### DYNO-ROD

Dyno-Rod is the largest drain and pipe cleaning firm in the UK and Europe and its 60 UK service centres and 240 mobile units provide a comprehensive service. New franchisees cost a minimum of £10,000 but these are scarce nowadays since the company, part of the Rockroll Group, has achieved a high degree of market penetration. An existing franchisee can, therefore, cost anything up to £100,000 to buy as a going concern. The initial contract is for six years, with an option for 15. Royalties are set at the comparatively high level of 23 per cent although Dyno-Rod points out that it provides a more comprehensive back-up service of administration and advertising than other franchisees.



Ziebart  
VEHICLE RUSTPROOFING

Rustproofing is claimed to be the fastest growing sector of the motor industry and Ziebart is one of the largest companies operating on a franchise basis. A five-year contract has a minimum cost of £5,500 for the franchisee, with an average cost closer to £8,000. Ziebart does not charge a royalty but instead franchisees have to buy the patented rust-proofing materials from Ziebart. There are some 115 Ziebart franchises at present.

some franchisors make exaggerated claims, charge too much for equipment or charge royalty payments out of proportion to sales volume.

The average initial cost of a franchise offered by an association member—according to a survey of the 23 member companies—is £7,600, but shopping and other costs raise the average total start-up cost to £15,000. Start-up costs for a fast-food franchise averages more than £30,000.

The average royalty payment is 11.34 per cent of turnover, although rust-proofing and some

low because procedures had not been followed, or even emigration.

In no case did the franchisee lose his original investment since the franchise was bought back by the company concerned. Reputable franchise companies are usually as keen as their franchisees to ensure that franchise failures do not occur. The less reputable ones do not have the same worry about their image.

The British Franchise Association can be contacted at Ludgate House, 107 Fleet Street, London, E.C.4.

#### ELANDRAND: 1,000 WORKERS GO HOME

Elandrand, the new Anglo-American Corporation gold mine in Transvaal, was officially opened yesterday without incident, but 1,000 of the 4,500 black workforces have decided to terminate their contracts and return home. Work stopped at the mine on Monday following a riot during which several thousand pounds worth of damage was done to buildings and furniture in the compound for migrant workers.

Williams and Glyn's, and the Royal Bank of Scotland—which jointly own Access. Normally, says Barclaycard, 3,500 of new month's new card holders do not bank with Barclays but in the last two months this figure has almost doubled.

#### Kentucky Fried Chicken

Fast food franchises such as Kentucky Fried Chicken are the fastest growing and potentially one of the most lucrative of the various franchise operations. But they can also be some of the most expensive franchises to take up if the operation is bought as a going concern rather than started fresh. The minimum cost of a 10-year KFC franchise is £20,000, with the average cost around £30,000.

KFC is the largest fast-food franchise operation in the world with more than 5,000 outlets in over 40 countries. In the UK there are a total of 270 stores, 45 of which are company owned with the rest franchise operations. KFC charges a royalty of 4 per cent of turnover, plus a further 2 per cent royalty which goes into a separate advertising fund.

The franchise company offers the would-be small businessman—the "franchisee"—essential know-how, equipment, materials and local rights to a nationally advertised trade-name.

The franchisee usually pays over a lump sum to start with and a continuing royalty which can be either a percentage of turnover or a surcharge on the cost of his basic supplies. The royalty covers the cost of any further training, advice, administrative back-up and local and national advertising. The franchise company—the "franchisor"—is as keen as the franchisee that the new business does well since both their futures depend on it. Mutual dependence is the hall-mark of a good franchise operation.

There are now just over 1,900 so-called "second generation" franchise outlets in the UK and a growth of 14 per cent is forecast for this year. "Second generation" franchisees are those that most people usually associate with franchising—fast-food operations like Wimpy or Kentucky Fried Chicken or service firms such as Dyno-Rod or Servicemaster. The first generation franchise operations started

business experience, is married with two children and his wife works in the business. He saved up to 90 per cent of the initial franchise fee with the cost of starting up in business usually financed by renting equipment and a bank loan.

If you are satisfied that you have the motivation and the capital, what sort of franchise will suit you? Do you want to work unsocial hours in a fast food outlet or be constantly on call for a service business such as drain-cleaning? Or would you prefer to work more normal hours in a retailing franchise such as printing or clothes hire?

The amount of capital available also influences choice: £5,000, for example, would probably only buy a low-cost franchise such as the Servicemaster domestic cleaning franchise; most fast-food outlets need at

#### prontaprint

Prontaprint provides a high-speed printing and photocopying service to fill the gap between big printer and office copying or duplicating. The minimum cost of a franchise is £10,000, but the average cost is nearer £15,000. Royalties are 10 per cent and a contract is normally made for 10 years. Printing experience is not required as full training is offered. Some 150 franchise outlets are planned by the end of this year.

least £30,000, and a going concern could cost far more.

You need to check out a franchise company's standing before parting with any money. Here are some questions to ask:

Who is offering the franchise? Do you trust the company's integrity, the ability of its management, and its financial stability. One guide to a franchisor's standing is whether

# Barclays Bank Limited

## Annual General Meeting

The Annual General Meeting for 1979 of Barclays Bank Limited was held on Wednesday 11th April 1979 at the Head Office of the Bank, 54 Lombard Street, London E.C.3.

Mr. A. E. Tuke (the Chairman) presided.

The Secretary read the Notice convening the Meeting and the Report of the Auditors.

The Report of the Directors and the Accounts for the year 1978 were approved.

Final Dividends of 7.4939p per £1 Ordinary stock, which includes 0.0841p per £1 Ordinary stock additionally payable in respect of 1977, and of 7p per £1 Staff stock were declared, payable on 30th April 1979 to the Stockholders on the Register of Members at the close of business on 15th March 1979 in the case of the Ordinary Stockholders and at the close of business on 31st December 1978 in the case of the Staff Stockholders.

The Directors retiring in accordance with the Articles of Association, including those retiring by rotation, were re-elected with the exception of Lord Seaborn who, on account of age, did not seek re-election. The Hon. G. W. ff Dwyer, M.C. retired from the Board at the conclusion of the Meeting.

Other ordinary business was transacted.

An Ordinary Resolution as set out in the Notice of Meeting was passed whereby the capital of the Company was increased to £315 million by the creation of 40 million new Ordinary shares of £1 each to be converted into Ordinary stock as and when issued and fully paid up.

Special Resolutions as set out in the Notice of Meeting were passed to alter the Articles of Association of the Company:

- (1) to take account of the increase in capital aforesaid;
- (2) to empower the Board to pay a fee not exceeding £6,000 (instead of a fee not exceeding £3,000 which has remained unchanged since 1970) to Directors other than the Chairman, Deputy Chairmen and Vice-Chairmen in respect of

their membership of the Board; and

- (3) to revise the circumstances in which the Board has authority to remunerate non-executive Directors for extra services and to pay pensions or retirement gratuities to such Directors.

Ordinary Resolutions as set out in the Notice of Meeting were passed for the following purposes:

- (1) to authorise the Board at its discretion to introduce and implement a profit sharing scheme complying with the requirements of the Finance Act 1978 on the basis set out in the Resolution;
- (2) to authorise the Board to make such alterations to the rules of the 1974 Profit Sharing Scheme as may be necessary or desirable to facilitate the administration on a co-ordinated basis of that Scheme and any new scheme introduced pursuant to the foregoing resolution;
- (3) to permit executive Directors of the Company to participate in the 1974 Profit Sharing Scheme; and
- (4) to permit interested Directors to vote and be counted in the quorum on matters connected with the 1974 Profit Sharing Scheme and any new scheme introduced as aforesaid.

A Vote of Thanks to the Staff and to the Chairman for presiding at the Meeting was proposed by Major-General W. D. M. Raeburn, C.B., D.S.O., M.B.E. and the Chairman responded.

BARCLAYS



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## Access excess

ACCESS, CURRENTLY charging 2 per cent a month compared with 1 1/2 per cent at Barclaycard, must now have misgivings about its decision to raise its rate a few months ago.

The worry for Access is that about 800,000 of its cardholders also have a Barclaycard. With increasing awareness of the interest rate differential, these customers are likely to maintain as low a balance as possible with Access taking any extended credit they need on their Barclaycard. And customers who now have only Access may take out a Barclaycard as well.

Access, which has 3.7m card holders and boasts turnover of around £780m per year, claims its higher rates have not meant any fall-off in the average 40,000 new card holders it signs

up each month. Barclaycard, on the other hand, which picks up roughly the same number of new customers, reports a larger number of "defectors" from the five banks—National Westminster, Lloyds, Midland,

## UNIT TRUST AND INSURANCE OFFERS

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# YOUR SAVINGS AND INVESTMENTS 2

Reading the balance sheet is the key to a business's finances but too few investors and managers have mastered the art. Roger Boyes, a newcomer to investment, tested two teach-yourself courses—and did some cost accounting.

## Guy's balancing act

**GUY THE GORILLA**, former hero of Regent's Park Zoo, was in his early days given a variety of noisy, educational toys to shake him out of his intellectual torpor. They never really worked but it seemed a worthwhile effort at the time.

It was with a similar sense of expanding the frontiers of knowledge that I was given two guides to reading balance sheets, one an audio-visual "system" and the other a teach-yourself book issued by the International Labour Office. Both have the unsurprising title: "How to read a balance sheet."

designed for the solitary executive or union official.

What is the philosophy underpinning this approach? Is it a matter of shame for executives not to be able to read a balance sheet—a guilty secret to be shared only by close relatives? The ILO course is at pains to reassure students that they are normal, adjusted and even important people. The book is suitable, the ILO claims, "for individual reading by those dealing with industrial affairs at senior level in Government and industry."

cularly well when mathematical issues are involved. Understanding of this appears to depend on visual rather than aural recognition.

The ILO course has two other advantages: it builds in a testing element neglected by the audio system and it can be done at any time absorbing odd minutes of leisure time.

The course can be completed in about 9.5 hours (though naturally the student can adjust the pace according to his needs)—that is, in a week of bus commuting to the City.

The audio method, however, sometimes has an edge over the ILO course.

The handbook for example splits up the units into subjects like assets, liabilities, solvency and profitability but only skims the surface of some key issues like the limitations of balance sheets. This is dealt with thoroughly by the audio course in the last session and its somewhat chatty approach to the subject pays off. The session builds on the Robert Townshend proposition (first set out in his book "Up the Organisation") that "the easiest way to do a 'snow' job on investors is to change one factor in the accounting each month—then you can say that it is not comparable with last month or last year."

Guy the gorilla would have taken the point. The acid test of the two systems is pricing: the audio course, which will be marketed this summer to Diners Club members, will cost approximately £50, while the ILO book costs £2 including postage. There is perhaps an undercurrent of class distinction here as the audio course is clearly intended mainly for private businessmen—who can presumably write off the cost against tax—and the ILO is aimed primarily at trade unionists. Of the two methods, the ILO handbook must surely win out in terms of cost-efficiency—it is a comprehensive guide to a complex art.

You can order it from the ILO at 87-91, New Bond Street, London W1Y 9LA.



ILO offering class distinction

The audio-visual course (the visual element is confined to a thin booklet of sample balance sheets) is about to be marketed by Blue Chip Music, a South African owned record company. It has its attractions: the narrator who guides us through the eight cassette tapes (each with two sides of 12 minutes) has the quiet authority of the Listen With Mother team.

The tapes are not the makers' insistence for casual listening and indeed all apart from the last session on the limitations of balance sheets need careful attention. The course is geared to (unspecified) "student activity" and according to the accompanying booklet, the benefit "will be in direct proportion to the participation rendered."

But how does one "participate" in a cassette course apart from switching the recorder on and off?

This lack of effective feedback is one of the main flaws of the course. Without a comprehensive handbook, some of the most simple questions raised by the tapes remain unanswered. I stumbled across a particularly obscure passage in the sixth session on ratio analysis but never, much to my annoyance, had the narrator's voice, the point eluded me. The Guy the Gorilla factor triumphed again.

In a classroom, of course, a teacher playing the tape can clear up the problem within seconds. But the tapes, like the ILO handbook, are clearly

The method consists of giving tiny capsules of information; and then testing your comprehension by asking you to fill in a blank space in a subsequent statement. Example: If a company cannot meet its current liabilities from its current assets then it is not (blank). Answer: "Liquid."

If you get it right, you move on. If you don't, you either cheat or read the previous sections again. This approach works par-

The ILO assurance is perhaps all the more necessary because it uses the so-called "programmed learning" techniques which often give the impression of stating the obvious, with a child-like clarity.

The method consists of giving tiny capsules of information; and then testing your comprehension by asking you to fill in a blank space in a subsequent statement. Example: If a company cannot meet its current liabilities from its current assets then it is not (blank). Answer: "Liquid."

If you get it right, you move on. If you don't, you either cheat or read the previous sections again. This approach works par-

## Not so canny

INVESTORS IN "flexible" endowment policies are paying a high price for the luxury of not knowing their minds.

Flexible endowments are open-ended policies designed to be cashed-in any time after 10 years. They are ideal for savers who do not know in advance how long they will want to save.

The current cash-in values of the first flexible policies, launched in April 1969 by Scottish Provident, show a shortfall of about 10 per cent on the maturity values you could have had from investing instead in an ordinary 10-year endowment with the company.

An investor who paid £10 a month before tax relief for the past 10 years, for instance, would get just £1,494 if he cashed-in now. If he had invested instead in a 10-year straight endowment and was aged 30 at outset he would have a maturity value of £1,673. If he was aged 40 to start with he would get £1,666, and if he was aged 50, £1,631.

Thus the 30-year-old investor is 10.7 per cent worse off, the 40-year-old 10.3 per cent and the 50-year-old 8.4 per cent.

Apart from somewhat higher life cover, keeping your options open is the main advantage of flexible plans.

The history of flexible endowments is that 10 years ago the unlinked life insurance companies were strongly challenging the traditional form of with-profits endowments. Endowments were under fire for being too rigid, whereas with a linked contract the investor could cash-in his units at any time without a surrender penalty.

The traditional life companies' answer was to launch flexible endowment policies. These are endowment policies designed to run to age 65 with options to cash-in at high guaranteed surrender values from the 10th policy anniversary onwards and the promise of bonuses on top.

The SPI plan was the result

of the rescarches of John MacLaren, now assistant general manager and joint actuary. Friends Provident followed with a similar plan at the end of 1970 and Scottish Amicable a year later.

These plans were the answer to an insurance salesman's prayer. They provided the security and stability of with-profit contracts. And flexible endowments paid much higher commissions than the shorter fixed-term contracts.

No wonder they quickly became best sellers despite warnings by some commentators that the cost of flexibility was being glossed over.

Investors with a flexible endowment have to decide what is the best course of action. These are the options they have:

- Cash-in the contract and invest elsewhere.
- Stop paying premiums, make the policy paid-up and cash-in later.
- Continue premiums and cash-in later.

The table shows the estimated cash-in values for the next five policy anniversaries assuming it is paid up and premiums are continued.

If you make the policy paid-up, its value will increase on current bonus rates more or less evenly by 6.7 per cent net a year—not as much as you could earn with National Savings Certificates.

If you continue paying the premiums the return on your investment after five years will be 7.5 per cent net at least with the chance of a slightly higher return if bonuses are increased.

So the general advice would be to stick with this plan for as long as possible. The cost of flexibility does decline the longer a decision is made to defer a cash-in.

The moral of this exercise is to stop and think before taking out a flexible endowment. These contracts have a useful role to play in the product range of traditional life companies.

### FLEXIBLE ENDOWMENTS: HOW YOUR MONEY BUILDS UP

The performance\* of a flexible endowment started 10 years ago costing £10 a month before tax relief.

Policy anniversary	Cash-in value if policy made paid-up after 10 years	Cash-in value if you continue paying premiums
10th	1,494	1,494
11th	1,594	1,721
12th	1,692	1,959
13th	1,815	2,226
14th	1,938	2,507
15th	2,064	2,806

\* Assuming current bonus rates.

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## Holding a basket of eggs

EGGS tend to break easily and, as we all know, it doesn't do to have too many of them in one basket. Mining operations with a single major product, however, have a little choice in the matter and life can thus be very difficult at times as South Africa's Rustenburg Platinum found, in 1975, when market for its precious metal dropped on the floor.

Rustenburg reversed its previous expansion programme and cut its selling price to \$155 per ounce. Profits melted like the spring snows and it was not until the latter part of 1977 that the metal market began to pick itself up again. A major factor in the recovery was the cessation of exports to the West of Soviet metal and this was followed by a rapid improvement in platinum demand.

The platinum market recovery has continued apace and this week, Rustenburg has announced a half-year net profit of £24.4m (£13.8m) compared with only £300,000 a year ago when its platinum selling price was \$220. Today the mine is quoting a record \$325 and prices on the free market are around \$385.

The mine is again expanding production and it should be enjoying an even more buoyant second half of its current year to August 31. First-half earnings amounted to 19.8 cents per share and the year's total may well come out at about 45 cents. In which case the interim now declared of 5 cents could be followed by a final in the region of 10 cents or so.

Demand for platinum has never been better. The Japanese want it for jewellery, the Americans need it for anti-pollution devices on their auto-

mobiles and throughout the world there is a rising demand for it in other industrial applications.

Rustenburg says that demand continues to exceed production and reckons that it will stay this way providing that the supply of Russian metal remains at its present low levels. Somehow, however, it all seems to be a little too good.

### MINING

KENNETH MARSTON

Nobody really knows precisely why the Soviet sales dried up, although there are plenty of theories. Equally, nobody expects the Russians to stay out of the market indefinitely and it remains to be seen how well their metal will be absorbed when supplies eventually return in force.

Nor is it clear how the market will react to any slowing of the U.S. economy, nor to the recycling of used exhaust catalysts from automobiles—they last about two years—which will be starting in the near future. Against this, Chinese buying has begun to emerge after a long absence and nobody is prepared to be short of the metal, as the premium on spot supplies shows.

The bulls of platinum may well be right as may those of Rustenburg who are buying the shares on a relatively modest potential 1978-79 yield basis. But a touch of caution may be advisable in the current euphoria. "It's spooky," said

one dealer who has spent a long time in this market.

Another fragile basket of eggs is that stocked by South Africa's gold and uranium mines. Truly, these are gold-coated eggs as the continued rise in mine earnings and dividends shows. A further increase in the bullion price has been reflected in the March quarter profits announced by the mines in the Consolidated Gold Fields group this week.

Average bullion prices received by the mines vary in line with the timing of their sales and in the past quarter they have been running around \$240 per ounce compared with \$215 in the December quarter.

Now that the South African rand is no longer tied to the U.S. dollar it is better to think in terms of rand revenue and over the past quarter the average has risen by 7.7 per cent to R6,547 per kilogramme. Net profits have also been helped by the tax reductions in the recent South African budget and costs have been quite well contained.

The one-week strike of white miners in March has not affected production, but there has been a tendency to mine lower grade ore. In all, the latest profits are satisfactory rather than exciting. Kloof has done best with a profit of R14m (£7.8m) against R12.4m in the previous quarter.

The bullion price has been keeping up remarkably well despite the fact that the heat appears to have gone out of the international currency situation. It may well be that holders of gold still do not trust paper money, but a rather more cautious approach to gold shares may not come amiss for the time being.

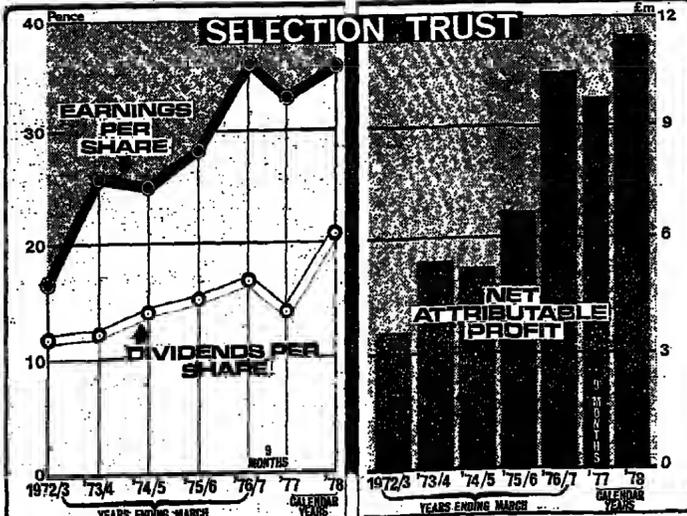
London's Selection Trust mining and industrial group has reported earnings of £11.4m, or 35.8p per share, for the 12 months to December 31. Because of the company's change of accounting year, the previous period ran for only nine months when net profits amounted to £9.6m. The dividend total for the past year has been raised by the full permitted amount to 20.544p.

Against the background of rising prices for base-metals, Selection Trust is set to do better in 1979. This should underwrite the share price which tends to be above that for similar issues, partly because of the group's successful management and partly because of the important 8.5 per cent holding in America's Amax giant which is well poised to take advantage of the natural revival in the prices of natural resource products.

The Rio Tinto-Zinc group's big Bougainville copper-gold operation in Papua New Guinea is milling lower grade ore but expects to raise earnings this year thanks to higher metal prices. The retiring chairman, Sir Frank Espie, says that it may come into the higher tax bracket of 70 per cent which operates on profits of above £95m (£63.5m). Last year Bougainville's pre-tax profit was £70m.

The Ashton diamond exploration venture in Western Australia, which is headed by Conzinc Riotinto of Australia, has tested more samples of surface material which were collected late last year before the onset of the wet season. Again, the results are of a multitude of tiny diamonds, averaging only one-tenth of a carat. Verdict: still encouraging, but the discovery of larger, better quality, stones is what is needed. These, however, are, still early days and the proposed deeper drilling will be awaited with greater interest.

Australia's Pancontinental has tried a new ploy in its efforts to overcome environmental objections and so make a start on bringing to production its big Jabalir uranium deposit in the Northern Territory. It has suggested mining the find by underground methods rather than the open-pit working originally proposed. Advantages would include less unsightly above ground working and reduced levels of noise, dust and radon gas emanation. Disadvantages would be the higher operating costs, but there are no problem with such high grade ore. The ball is now in the environmentalists' court. Meanwhile at a year's low of 67sp—compared with last year's high of £104—shares of Pancontinental could be a reasonable speculation.



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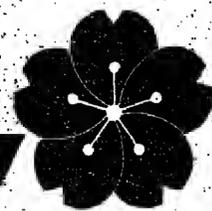
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Cherry 4-door Saloon

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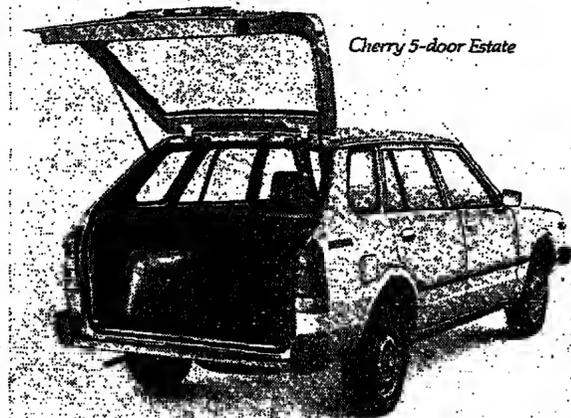
\* They have fully independent suspension and precise, rack and pinion steering. The Cherry hatchback, saloon and estate car all have the thoroughly reliable 1 litre Datsun Cherry engine with a light and easy-to-use 4-speed gearbox. The new Cherry coupé has a 1.2 litre engine with 5-speed gearbox for extra sporting performance.

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Coupé	34.4/8.2	47.1/6.0	31.7/8.9



Cherry 5-door Estate



Cherry Coupé

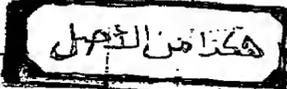
Prices: Cherry 3-door Hatchback L £2596.85, Cherry 3-door Hatchback GL £2739.59, Cherry 4-door Saloon £2799.26, Cherry 5-door Estate £2996.99, Cherry Coupé £3165.47. Prices quoted include special car tax, VAT, inertia reel seat belts and driver's door mirror.

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by Lucia van der Post

HOW TO SPEND IT

Cushion, toy or sculpture?

I CERTAINLY haven't ever seen any cushions quite like these before. They're described as "cushion sculpture" and do seem like a cross between a cushion and something else...

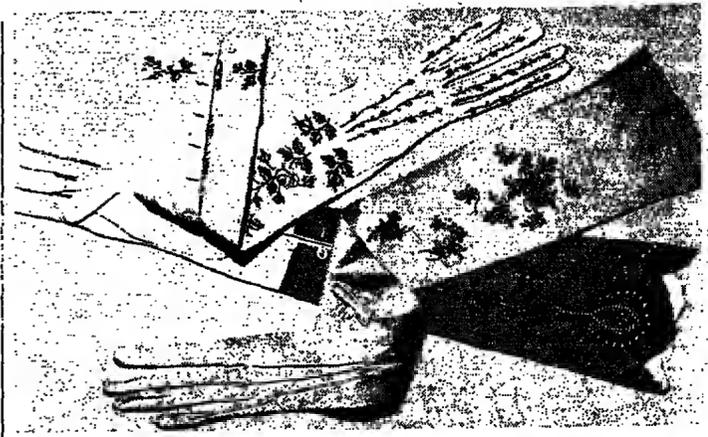
Each of the nine designs comes in a variety of colours but predominant throughout the range are red, pink, orange, turquoise, blue-grey, green, yellow and black. Sometimes colours are tone-on-tone, on other cushions between ten and 20 different plain and patterned fabrics can be used.



Italian brio

WHEN MY children were younger and we were on holiday abroad I always used to marvel at the chic of the small French and Italian children. Our chain store numbers that looked so right back in England never seemed to have quite the same air about them when abroad.

La Cicogna opened a store last year at 193 Kensington High Street, London W8 and is about to open another at 6a Sloane Street, London SW1. The shop will mail clothes to out-of-London readers but there is no catalogue readers themselves will have to negotiate with the store.



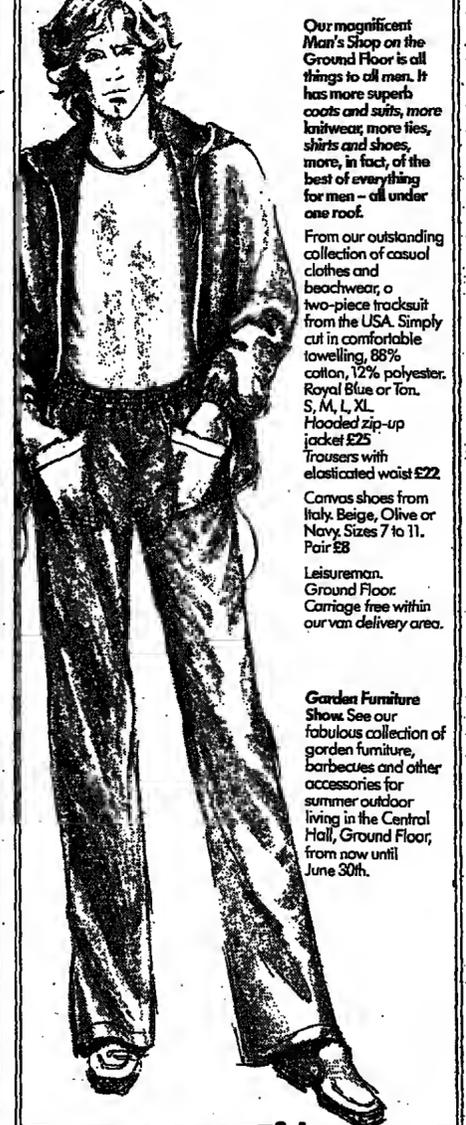
Handed down

ALONG WITH cinched waists, straight skirts, and little hats, gloves are in the fashion news again this season—in a way they have not been for well over a decade. Not exactly a new fashion accessory—they have been around since the days of ancient Greece and Rome...

Knitted to order

SO popular was our knitting pattern offer way back in February that I can only assume that the Financial Times readers that aren't doing needlework are knitting. However, there must be some readers who would have loved the coat but didn't know how, or couldn't find the time, to knit it for themselves.

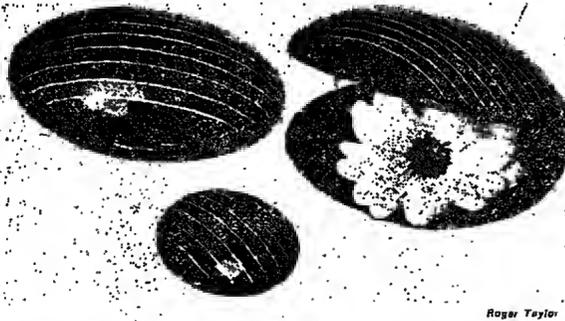
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Easter Eggstra

IF you have forgotten an Easter present and are in London, Sylvia of 25 Beauchamp Place has some fine rosewood and brass eggs from India, and she will be open on Saturday from 10.30 to 5.30 pm.



CHESS

A BUSY chess spring for London opened last month with the traditional and 99th university match, held at the Royal Automobile Club. In ended in yet another Cambridge victory, their tenth in a row and a reflection of how the successes of the 'sixties (when the Cambridge team included Keene, Hartston, Stean and Mestel) has established a pattern which Oxford find hard to break.

Standard match with England juniors and then preferred 12 Q-Q2, Q-R4; 13 Q-N2. 12...Q-R4; 13 R-Q1, P-QN4 (a risky attempt to take the initiative instead of simplifying by PxP); 14 B-Q5, B-N2; 15 PxP? Not good: from now on White's Q-side pawns are weak and his attack on the king does not compensate for Black's bishop pair. Much better is 15 BxN, Bx2; 16 P-Q5, B-N2; 17 BxP.

The critical point. 30 NxP looks promising, eg. 30...PxN; 31 R-Q8, Q-N4; 32 QxP ch, B-E2; 33 Q-K7—but Black had prepared the defence 30...Q-B1! 31 R-Q8, QxN; 32 QxQ, PxQ; 33 RxB, K-B2; 34 R-N8, KxB; 35 RxB ch, K-K4 when the rook ending is an easy win. So White has to retreat the attacking forces, and the 2-1 pawn majority quickly decides for Black.

Quinton Hall School, Harrow. At least two grandmasters and ten IMs were expected to take part in this important international event where play continues every afternoon until next Friday. POSITION No. 263 BLACK (6 men)

PROBLEM No. 263 BLACK (9 men) SOLUTIONS Page 20

BRIDGE

E. P. C. COTTER

IN TWO hands from recent sessions of rubber bridge, the N. ♠ J 7 3, ♥ A 5, ♦ 6 5 3, ♣ K Q J 10 2. W. ♠ 6, ♥ K Q 10 9 2, ♦ 8 7 10, ♣ J 6 4 3. S. ♠ A K 10 5 4, ♥ J 8 4 3, ♦ A 8, ♣ A 7.

declared in each case lost his contract because he played with insufficient care. Look at the first hand. South dealt at game to North-South and bid one spade. North replied with two clubs, and South rebid two no trumps. Three no trumps would have been a lay-down contract, but North decided to show his three-card spade support by saying three spades, and South hid four spades, which was reasonable enough.

return a low trump to the table. This holds his losses to one heart and two spades. In this hand the crime was greater, and more expensive: N. ♠ 8 7 6 2, ♥ A 8, ♦ 10 3, ♣ A 10 7 6 5. W. ♠ J 10, ♥ 3, ♦ Q J 8 7 4, ♣ Q 8 4 3. S. ♠ A K, ♥ K Q 10 9 7 5, ♦ A K 9 2, ♣ 2.

North raised to four, and after a Blackwood check for Aces—it was almost certain that North had two—South bid six hearts. West led the spade Queen, taken by the King, and declarer cashed the diamond Ace. He correctly crossed to the club Ace in order to lead dummy's remaining diamond, and won with his King. On the two, which came next, West dropped a deceptive Queen, and declarer ruffed with dummy's eight of hearts. East overruled, and a trump return left South with a losing diamond for which there was no home.

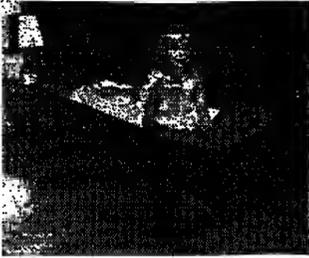
The declarer should not have been fooled by West's diamond Queen—be should ruff the diamond two with the trump Ace. He comes to hand via the Ace of spades and ruffs the other diamond with the eight of hearts. East can overruff, but that is the only trick for the defence.



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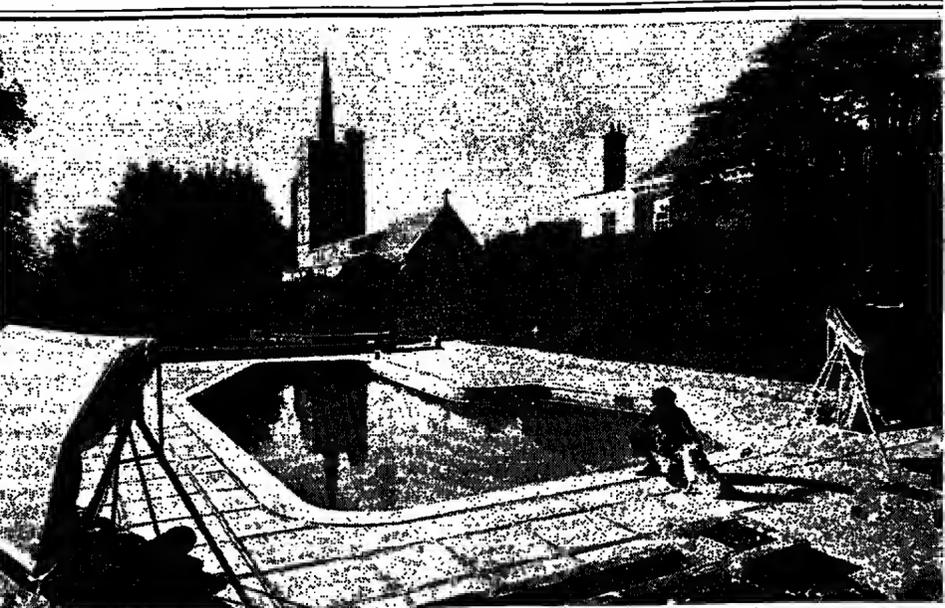
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## SWIMMING POOLS

### BUYER'S GUIDE



With the British winter, we hope, about to come to an end, thoughts might turn to summer months and the outdoor activities. Arthur Sandles examines the decisions facing anyone considering their own swimming pool.

### The outdoor life—at home

DREAM or practicality? An indispensable part of normal domestic life, or a money-wasting extravagance? Well, in many ways the swimming pool has come of age in the past five years. The end of the never-had-it-so-good 1960s brought the realities of the seventies and introduced the days when few of us could leap into the purchase of a new shirt.

Most swimming pool investments in Britain today are above all investments — be that an investment in health, in property value, or even simply life-style. The reality of the approach has fortunately driven from the business many of the cowboys who luxuriated in the explosive market conditions of a decade ago. There are still traps for the unwary, but the pool building market in Britain is much less of a jungle now than it was then. Any contractor worth considering should be able to offer a potential purchaser a lengthy track record of local satisfied customers.

Things of beauty certainly, and often joys for ever, a swimming pool is rather more than just a hole in the ground lined with blue painted cement. Even the simplest garden pool, plastic lined, aluminium framed and standing above the ground, is subject to considerable stresses and strains. The water in even a small pool is a considerable weight and any pool must be able to hold this weight without the minor shape changes which can so often produce cracks. Pressure on the pool side while it is full can easily be reversed when it is empty, and perhaps surrounded by wet soil. Thus a pool must be able to withstand not only internal loading, but also forces which can amount to a giant hand pressing against the sides.

Inevitably therefore you should beware of the pool salesman who appears to be cutting corners in the basic early stage. The lack of a proper survey of your site could mean a failure to notice that you have clay at one end of the garden and sand at the other. A cut back in site

investigation and preparation, and in the provision of proper foundations, can make for miserable summers. Again, a good installer will offer some form of guarantee and after sales service.

As far as pool size is concerned ensure that you get what you want and not what the contractor wants to sell you. If you want something that looks pretty and is suitable for a cooling dip in the summer, then go perhaps for an interesting shape but a relatively small pool size. If, however, athletic children predominate in your household, or if you yourself fancy a mile or so freestyle every morning, a conventional rectangle with as much length as not to look silly in relation to width, may be the thing.

But the pool size is not just a matter of width and length. The depth of your pool is a matter of some significance. If you intend using any form of diving board at all, you will need a considerably greater depth of water than for simple swimming, and the depth will have to be consistent over a wide area to allow for a diver to recover. Diving boards should never be an afterthought. Greater than normal depth adds to costs, particularly when you consider that a normal pool requires a hole at least two feet deeper than the finished product will offer its users.

There was a time when the basic advice was "decide what you want and then buy a size larger" since we all usually want to trade up when its too late. Now, however, the cost of heating a pool makes contemplation of a few cubic feet of water a serious matter. There are, of course, ways of energy conservation—more of which later—but it is foolish to over-buy. There was also a time when the British thought it impolite to discuss money matters in public. Today, however, I know of few people who will not eagerly exchange stories about their fuel bills. They fall into two basic categories. There's the much-angered recipient of the latest outrageous bill, or the arrogant know-all who has just converted his heating system to wind-power.

Contractors should be able to produce a formula which should give you some indication of likely heating costs—although working it out in advance is a bit like the old "how long is a piece of string" conundrum. You will have to estimate the basic unheated pool temperature in the summer months (unlikely to be much above 60) as well as the temperature at which you will want the water. The cost of heating the gallonage in your pool through the difference in degrees is what you will pay for. Around 80 degrees F is where most recreational swimmers feel at their most comfortable, much higher than that and the water will simply make you feel lethargic. Four or five degrees lower is better if you or your family are likely to be enthusiastic competitive swimmers.

Simple pre-construction planning can reduce heating costs and make swimming more comfortable—avoiding parts of the garden which are subject to winds, perhaps building a protective wall or two. And, of course, you can go the whole hog and cover the pool, not necessarily turning it into a permanent indoor installation but with covering which can be anything from a sliding roof to a metal framed plastic structure. Beyond siting, there are various ways of curbing heating costs, and of fending other sources of power. There are systems for covering the pool surface—the bulk of a pool's heat loss is from the surface—and methods of taking heat from the sun. Solar power is not the novelty that once it was. Systems are now quite sophisticated and worth the examining at least. The great plus as far as the pool owner is concerned is that his solar heating unit is likely to be functioning at its best at the

very time when he needs the pool. Manufacturers suggest that given normal temperature requirements it is possible to save the capital cost of installing solar heating in five years. One company alone has installed more than 1,000 solar panels in the UK and Europe.

### Making the choice

ANYONE contemplating pool purchase is likely to be faced by the array of systems on offer and by rival claims for speed of construction, lack of maintenance and expense. The basic rule in pool buying is that mistakes are much cheaper to avoid than to correct. All the systems on offer have advantages, and disadvantages. Examination of the rival proposals are half the fun of purchase.

Concrete pools are found in two basic systems—poured cement and Gunite. Both offer an almost limitless flexibility in design. Poured concrete will give you a pool of considerable strength and durability if properly built. The concrete is normally reinforced with steel. Construction by this method requires a high standard of design capability and craftsmanship.

Gunite is a patented system of spraying dryish cement onto your pre-planned base. The cement is applied with considerable force and the method adds to concrete's basic attraction of making interesting designs more feasible.

There has been a trend recently towards the use of cement panels, perhaps reinforced with glass-fibre, which offer strength and convenience. Brick-built pools are increasingly rare. Also apparently simple, they require extreme caution in the preparation of the foundations. Odd shapes are usually impracticable.

Fibreglass is another product which requires great care in the preparation of the foundations. Its advantage of impermeability (except in seams which have to be made very skillfully) has to be balanced against its basic lack of strength. If properly installed, however, fibreglass pools often require less maintenance than most others.

Metal is much less frequently used in Britain and mainland Europe than it is in the U.S. A metal pool, however, could be a first choice for someone with unstable ground, since there is enormous strength. Such a pool would usually have a vinyl liner. Tears in the liners are easily repaired, but care should still be taken in choosing the right thickness.

Above-the-ground pools are, of course, the simplest of all, and the cheapest—and they may not necessarily attract the eye of the local valuation officer. Their lack of eye appeal can be disguised.

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MOTORING



The Mazda Montrose 1.6 GLS saloon. A well-equipped family four-door in the Vauxhall Cavalier class.

All things to all men

BY STUART MARSHALL

IN JAPAN, it is called the Capella; in many export markets, the 626; but in Britain, Mazda's latest is named Montrose. The importers say they called it the Montrose in a bid to end the number confusion and I'll certainly drink to that. Trying to remember, for example, whether a 323 is a Mazda, or a Volvo (née DAF) or a 2.3 litre engine 3-series BMW is enough to drive one to distraction. But Montrose? That I can't get confused about—and nor will the customers.

The Montrose is Mazda's world car. It is coming into Britain as a four-door saloon or two-door coupé, with a choice of two engines in the saloon (a 1.6 litre and 2-litre) but the coupé as a 2-litre only. There is an estate car, too, but it will not be imported for some time. That is a segment of the market Mazda feel they are covering with the 1.4 litre estate which has been taken from the Hatchback range, alias the 323. Mazda see the Montrose as a natural progression from the Hatchback and it is a similar kind of car in many ways, only larger. The mechanical layout is up to date conventional, with a coil sprung rear axle, and the styling is totally European.

It looks clean and smooth and Mazda say the shape was decided as much by computer read-outs on wind tunnel tests as it was by the stylist's pencil. They claim exceptionally low aerodynamic drag for both saloon and coupé which should show itself in fuel economy at high cruising speeds and a lack of wind noise. They are unquestionably nice looking cars, with a striking seat with adjustable thigh and lumbar support, rear seat backrest that folds down in two parts to extend the boot, headlamp jet washers and a chime that reminds you to turn the lights off when you leave.

If I have dwelt on what might be called the showman aspects of the Montrose at some length, I must plead a certain lack of driving experience. Mazda chose to launch the car in Malta, where speed limits, lack of elbow room and elderly trucks round corners do tend to inhibit motoring. But the patched roads showed that the suspension was agreeably shock-absorbent and the ride non-wallowing; the light steering made the Montrose nimble and effortless to weave around narrow back streets; and the weather I warn even for Malta in March, I was told) proved that the ventilation should cope with an English summer day without having to lower windows. Mazda claim top speeds of 100 mph for the 1.6 saloon and 2-litre automatic, 106 mph for the 2-litre manual saloon and 109 mph for the coupé. Average fuel consumptions are said to be 33 mpg for the 1.6 litre, 31.8 mpg for the 2-litres. As they laid on a deserted airfield for acceleration runs, I can vouch for the accuracy of their claim of 0.62 mph in 13.5 seconds for the 1.6 litre, 1.3 seconds in the larger engine car. And all the cars entered happily into the spirit of being driven at quite outrageous speeds around cunningly arranged cones, when the shriek of tortured rubber would have brought joy to any tyre dealer.

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## WORLD CRUISING

A sea voyage is still one of the most attractive and relaxing of holidays. Most of the world's waters now have cruise ships sailing on them. ARTHUR SANDLES and SYLVIE NICKELS examine the offers for 1979.

### All set for the sea

THERE IS something about a cruise ship which distorts, perhaps even destroys your sense of timing. Read the schedules and you tend to think: "But how on earth am I going to fill all those hours?" In the event the days fly by. The encapsulated isolation of life aboard rapidly creeps into the blood stream. Indolence, in the nicest possible sense, proves extraordinarily infectious.

It is perhaps for that reason if none other that cruising has retained its grip on the travelling public. Pushing huge metal machines over thousands of miles of water and meanwhile pandering to the demands of holidaymakers eager to enjoy themselves is costly business, so cruising is by no means cheap. But still its peculiar pleasures ensure its continuing appeal.

But if cruising is not cheap, it could certainly be argued that it is inexpensive. Very roughly sea trips at the moment cost between £60 and £200 a day per person if you choose a good outside cabin with bath or shower. You can pay less by shopping carefully in terms of season and cabin, and you can pay more, if for example you wanted a verandah suite on the OE 2. An average for a Mediterranean cruise in high season, again a good outside cabin with facilities, would be £50-£65 a day per person.

For that, however, you get your hotel room, full meal services—usually considerably superior to that on shore—transportation and full resort facilities.

The cruise globe continues to grow, but as far as the British

market is concerned the majority still aim for the Mediterranean and the eastern Atlantic. The bappy bunting grounds of the Greek islands are perfect for cruising, particularly in the summer when the Caribbean can be almost offensively hot. Beware, however, of the cruise which does a little too much island hopping. The prospect of a new port each day may seem appealing in the brochure, but it is nice to get a few days actually at sea from time to time.

It is perhaps for this reason that I am attracted by many of the cruises which actually depart from the UK. A good example is the P. & O. Canhera cruise schedule which includes several voyages with three or four days at sea after leaving Southampton before the first port of call is reached—a magnificent way of getting in the mood.

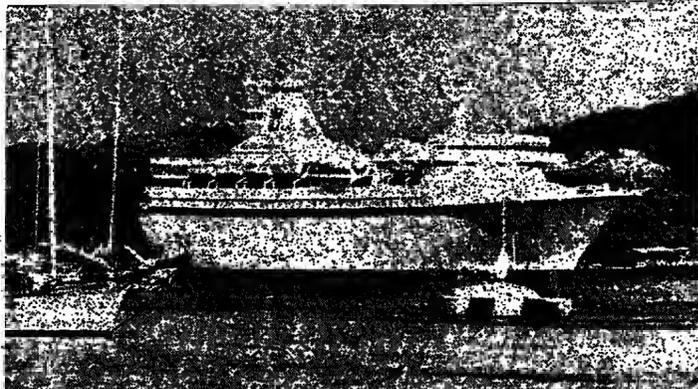
If you have not cruised before, or it is some time since you took a sea voyage, you may be surprised by the range of trips on offer and it is well worth seeking out a selection of brochures before making any choice. If you have an enthusiasm for more than a superficial look at ports, however, give consideration to Swan Hellenic, about which I continue to receive good reports. The advantage of these cruises is the expert guidance given and the fact that shore excursions are included in the basic price. A disadvantage, in my book, is the need to fly to the port of departure, although the baggage limit is a highish 66 lbs. Another semi-specialist cruise operator is Saga Holidays.

company dedicated to providing holidays for those of mature years. Its latest brochure will be out within a week or so. An alternative one is the BI Discovery cruises (details from P. & O.).

Caribbean cruising is usually, but not always, fly-cruising, with Miami the most favoured port of departure. If you can brave the rigours of Miami airport on arrival—prepare yourself for a long hot wait for immigration and customs if you arrive on a peak Friday—then the port itself is a pleasant starting area. The fleet of cruise ships in the harbour on Saturday make a spectacular sight in themselves.

Spring is the best and most expensive time for Caribbean trips. If you depart from Miami most of your fellow passengers are likely to be American, whom I have always found to be delightful travelling company. On Caribbean cruises there is one broad rule: the longer the cruise the older the average age of passenger. Americans, particularly young Americans, get shorter holidays than Europeans. If you are looking for a swinging disco-style on-board night life, stick to the seven day cruises. If you like a quieter life-style, choose something a little longer. A.S.

ADDRESSES: P & O Cruises, P & O Building, Leadenhall Street, London EC3V 4QL. Royal Caribbean Cruise Line, 35, Piccadilly, London W1V 9PB. Cunard, 8, Berkeley Street, London W1X 6NR. Royal Viking, Cayzer House, 2/4, St. Mary Axe, London EC3A 8BP. Swan Hellenic, 237, Tottenham Court Road, London W1P 0AL. Saga Holidays, P.O. Box 64, Folkestone, Kent.



Sun Viking

## Northern Waters

AS A northern enthusiast, I find some satisfaction in the increasing number of my sun-addicted friends who are learning that The South does not have a monopoly of the sun. It is a simple fact of life that the short but intense nordic summers can produce this commodity for up to 24 hours a day.

Some shipping companies have been aware of this for a long time, but I imagine the honours for being the oldest-established should fall to the operators of the Norwegian Coastal Voyages, which in any case must be unique in several respects. Every day for 365 days of the year, whatever the weather, one of thirteen sturdy ships noses out of Bergen's lovely harbour on the west Norwegian coast and heads north. Twelve days later she noses back again with yet another 2,500 miles of mostly sheltered waters under her

bows, having also called—usually twice—at 35 towns and fishing ports, rounded Europe's northern-most extremity, and commuted against a backdrop of some of the world's finest coastal scenery.

Marketed ex-UK by Fred Olsen-Bergen Line and others, these cruises will definitely not appeal to seekers of luxury or ready-made entertainment. These are working ships, albeit sophisticated ones, carrying passengers and cargo. Cabins are compact (a few with private facilities), public areas usually comfortable and attractive, food wholesome and plentiful (no spirits, but wine and beer available). And entertainment comes from the ever-changing and often grandiose scene, the comings and goings at the many ports of call, and the possibilities of shore excursions at places ranging from the cultural treasures of Trondheim to the bleak splendours of the North Cape. It would be very hard to be bored. Binoculars are highly recommended, not only for birdwatchers, but for enjoyment of the passing marine and terrestrial scene. The cost ex-London (by air to Bergen) is £375-£490 according to season; ironically a little more if one takes the North Sea crossing from Newcastle.

These coastal ships can, of course, go where larger vessels cannot. Nevertheless, if you prefer a more conventional cruise to these rather unconventional regions, there are several possibilities. The 22,000-ton ships of Royal Viking Line, for example, have a number of cruise itineraries in the Baltic and Norwegian Seas. Six departures between early June and mid-August ex-Copenhagen visit 12 Norwegian fjords in 14 days, culminating with the North Cape. Ports of call include Oslo, Trondheim, Tromsø and Hammerfest, and cruise fares are from £1,042-£2,398.

The emphasis certainly sounds to be on gracious living, for the ships are floating art galleries of paintings, sculpture, tapestries, and leisurely single sitting meals are embellished by German crystal and best Norwegian china. Royal Viking also make a special feature of their Enrichment Programme, by which passengers with a healthy curiosity about their ports of call can listen to and discuss with prominent guest lecturers. And, of course, there are the usual cruise activities and entertainment. Another Royal Viking 14-day cruise links Copenhagen and Southampton via Leiningrad, Helsinki, Stockholm, Gäddna, Hamburg, and

Amsterdam, leaving Copenhagen on August 31.

Norwegian America's Vistafjord and Sagafjord, respectively 25,000 and 24,000 tons, venture further out into mid-North Atlantic in their 10-21 day Nordic cruises, mainly Tilbury-Tilbury. The longest of these has a distinctly Viking flavour for it includes the Faroe Islands, Iceland, Spitzbergen, Bear Island and the whole length of the Norwegian coast from Kirkenes via the North Cape to Bergen. One of the Icelandic facilities, public areas usually comfortable and attractive, food get on nodding terms with some rather new volcanoes. Adult cruise fares are £780-£2,500. On the shorter itineraries the average for accommodation in good outside cabins is £850-£950. Undoubtedly, the lowest rates come from Soviet-owned CTC, whose 14-day North Cape cruise ex-Tilbury in June with the compact (nearly 5,000 tons) Mikhail Kalinin is £265-£700.

The same company's Mikhail Lermontov (nearly 20,000 tons) has a number of Baltic and Norwegian West Coast cruises, the former featuring Leningrad and Helsinki, with a varying combination of Scandinavian ports.

CTC's itineraries are among the specially selected cruises of Elletman Cruising. So is Cunard's 10-day North Cape cruise by OE2 leaving Southampton on July 7 (£490-£1,520); a splendid opportunity if you have not the time (or budget) for a longer voyage on this noteworthy miniature modern city adrift. As yet I have only admired her from without, but Cunard's naturally biased claim that this is the greatest ship in the world has won a growing band of supporters.

Europe does not, of course, have a monopoly of northern waters, and there are some pretty exciting itineraries available in Alaska, for example. Holland America Cruises' sister company Westours have a programme detailing 18 cruise/tours this summer, including an Inside Passage cruise and tour of Alaska. These voyages are by the Vesudam (23,500 tons) and my favourite among the smaller cruise ships, the Prinsendam (9,000 tons), which appears again elsewhere in this feature.

Further information: Fred Olsen-Bergen Line, 23 Regent St., London W1R 8AP; Norwegian America Line, 11 Quadrant Arcade, Regent St., London W1R 8BT; CTC, 13 Lower Regent St., London SW1V 6NR; Royal Viking Line and Elletman Cruising, Hanover House, 73 High Holborn, London WC1V 6LZ; Cunard, 8 Berkeley St., London W1X 6NR; Holland America Cruises, 68 Haymarket, London SW1Y 4EZ.

# Scandinavian seascapes



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The CTC Lines, 13 Lower Regent Street, London SW1Y 4EZ. Telephone: 01-930 5833—telex.

## Pacific area potential

THERE IS a rumour about that in the not-too-distant future the Pacific area could seriously challenge the popularity of the Caribbean. And with moderating air fares, why not? With the Americas on one side, Asia on the other and Australasia poised somewhere around "seven o'clock," you could hardly wish for a more totally mixed bag of cultures, climates and scenic miscellany. To encourage the trend, the Passenger Shipping Association and the Pacific Area Travel Association have joined forces to promote Far East and South Seas cruising and, with rather little known about the area on this side of the globe, it seems a sensible move.

The principal shipping companies concerned are CTC, Cunard, Holland America Cruises, P & O Cruises, Royal Viking Line and the Philippine company Negros. CTC, part of the Anglo-Soviet Shipping Company, sails to Australasia from Southampton four times next winter, one or the other way round the world, the five-week voyage costing £515-£1,300, according to cabin and season.

The same company has a year-round series of South Seas cruises out of Sydney, starting at £300 and mostly of 14-15 days' duration. Other travel firms such as Far East Travel Centre have well-established regular jet-ship routes from the UK to Australia via Singapore, as well as irregular and more leisurely fly-cruises via Bangkok or Hong Kong. A 18-day arrangement, for example, flies out to Bangkok (two days), thence by sea via Jakarta (two days) and Bali (one day) to Fremantle, for £428-£488.

For the Australians, Indonesian waters and the South Seas are more or less on home territory; but from this side of the planet it may be surprising to realise how considerable the cruising possibilities are. Those of CTC have already been mentioned. P & O's 27,000-ton Sea Princess also slides out of Sydney Harbour, plus some other Australasian ports, on a year-round series of South Sea island

cruises, mostly of about two weeks' duration. Around mid-winter she is joined by the 22,000-ton Oriana. The names of the ports of call alone are evocative enough: Pago Pago (American Samoa), Nukunono (Tonga), Suva and Lautoka (Fiji).

There is no problem about combining any of these with a direct or devious route ex-UK and, indeed, some very special packages can result. One, in conjunction with Rainier Kuhn Travel and the Royal Horticultural Society, and accompanied by famous botanical escorts, leaves London on October 8 for a four-week itinerary that includes a 14-day Sea Princess cruise: fares ex-London £1,458-£2,158.

Royal Viking Line have a number of Pacific offers, too, ex-Los Angeles, one of which departs on September 22 on a 34-day meander via Hawaii and the Philippines to Hong Kong, Shanghai, Kobe and Yokohama, and back. The even longer 70-day Circle Pacific ex-Los Angeles next February follows a similar itinerary with a hefty digression on the way to take in the South Seas and

and Australasia. Cruise fares are in the £5,200-£12,000 range.

The Pacific area, of course, features strongly on world cruise programmes, such as those of Cunard's OZ2 and Holland America's Cruises-Rotterdam. The latter, for example, spends nearly half of her 100-day itinerary in these parts once she leaves the Panama Canal and heads via Mexican and Californian ports, across the Pacific to the Philippines, Hong Kong and Singapore.

But Holland America's real young veteran of the Far East is the Prinsendam, which has become the truly regular winter commuter of Indonesian waters (October to April).

The basic 18-day arrangement, with return flight, two nights in Singapore and the full cruise is from £1,095-£1,695, next winter.

Further information: CTC, 1-3 Lower Regent St., London SW1V 6NR; Far East Travel Centre, 42 Spanglersbury Avenue, London W1A 0SE; P & O Cruises, Banquet House, St. Botolph St., London EC3A 7DX; Royal Viking Line, Hanover House, 73 High Holborn, London WC1V 6LZ; Cunard, 8 Berkeley St., London W1X 6NR; Holland America Cruises, 68 Haymarket, London SW1Y 4EZ; Negros Navigation, c/o Philippine Airlines, 70 Collingham Road, London SW5.

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# TRAVEL

The Easter weekend is by tradition the start of the main travel season. Here the FT travel staff sets the Spring ball rolling with a look at those places which most readily come to mind over the next few days —centres of our religious and cultural traditions.

## A stroll by Galilee

THAT STROLL beneath the trees by the side of Lake Tiberias... I had that together Biblical ideology with the geography of a region. Thus, to doubt the validity of one was to question the actuality of the other. Inevitably the result of this naive linking was that when I was able to walk by Tiberias (which was formerly Galilee) and see that it was indeed there, pretty well in the form the Bible said it was, it came as something of a shock.

It was a shock that was to be repeated, for I had gone to Galilee first after being less than excited by the rough and tumble of modern Tel Aviv. With the aid of the Dome of the Rock, the Garden of Gethsemane, the Mount of Olives, the old Arab quarter of Jerusalem and even the confusing commercialism of central Bethlehem the rethinking continued. It was not a religious experience. Indeed, quite the reverse. It was the learning that history was here, tied perhaps to religious belief in the deepest way, but not con-



JERUSALEM

ditional upon any form of religious acceptance or belief. The visitor who can approach Bethlehem through the barren hills that still bide the occasional flock of ragged sheep without feeling a faint wave of emotion is hard hearted indeed. Those sheep are a long haul from the bulky wide-eyed brutes of the South Downs who formed the basis of my childhood imagery, and the dusty terrain seems to a mere north-

ern European, poor stuff to do such violent hattle over, but battle there have been, and evidence abounds. On the calculating touristic side of the balance sheet is the fact that the Middle East provides a better guarantee of good travel weather conditions than most regions within easy reach of London. In these troubled times Egypt, Israel and Cyprus tend to be among the few natural choices for those seeking good off-season weather without the chore of voyaging to the western hemisphere or the tropics.

For the first time visitor to Israel I can do little better than to urge an acceptance of the inevitable and a trip along the well trodden tourist routes. Since one ought to see Galilee, Bethlehem, Jerusalem, Masada and the Dead Sea there is not much time left in the average holiday period for dallying about. Many tours will offer you more, much more, on paper. If you are the type you can do Naples, Rome and Florence in three days then leap at the chance, but otherwise treat

## Easter England's ancient cities

IT IS unlikely (thank heavens) that our village Easter Bonnet parade will draw crowds from afar, though I shall certainly be there to support the local talent. For those who have not the benefit of such immediate goings-on, however, there is plenty doing around the country ranging from the quaint or cultural to the sporting or spectacular.

One thing is certain: given our national temperament, we shall not be competing with the extravaganza of religious fervour/frenzy that will undoubtedly surge through the streets of much of Europe this weekend. Memories of entanglements — both involuntary and intentional — with Good Friday processions in small Spanish towns remain vividly with me. But a guaranteed solemnity of occasion and setting awaits us to any one of dozens of cathedral cities and scores more of greater churches.

A recent survey, incidentally, estimates that the cathedrals and great churches of England alone attract at least 20m visitors a year, in addition to worshippers. Whether you feature among the former or the latter, there is no better week-end than this to further acquaintance with an aspect of our national heritage. It attracts foreign visitors in large numbers and which we take somewhat for granted.

Eighteen of the 45 Anglican Cathedrals in England are medieval foundations and as, between them, they cover the whole country and represent some of the finest ecclesiastical architecture in the world, they are worth listing. They are: Bath, Canterbury, Carlisle, Chichester, Coventry, Durham, Ely, Exeter, Hereford, Lichfield, Lincoln, London, Norwich, Salisbury, Wells, Winchester, Worcester, York. A few others, such as Bristol, Chester, Gloucester, Oxford, Peterborough, were established after the Dissolution of monastic churches and, more recently, St Albans and Southwark. From the modernity of reconstructed Coventry Cathedral set in its bombed medieval ruins to the great Norman naves of Nor-

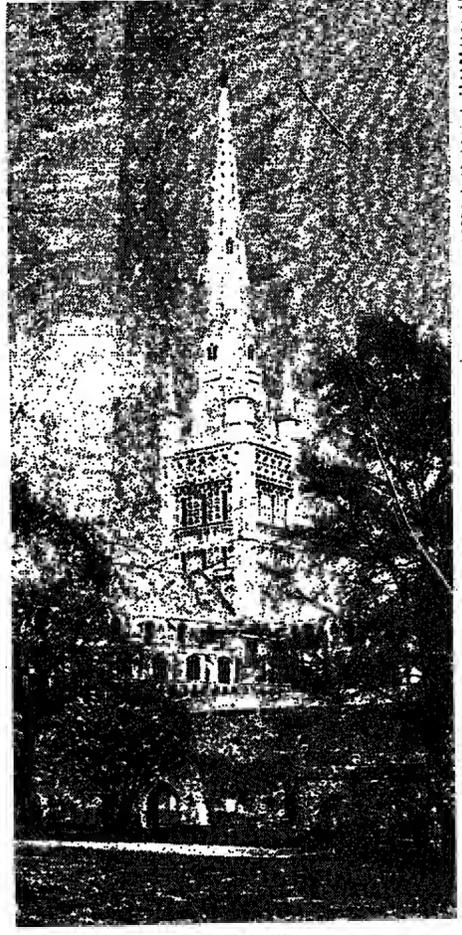
wich and Ely, the lofty Gothic of Winchester and the explosive height of York's ancient stained glass, the treasures span the centuries in a common cause. The cathedrals of St Paul's and Westminster Abbey in London, and of Coventry, Canterbury and Carlisle are among those with a full programme of Holy Week Celebrations. But, of course, special services will be held in all of them as well as in the hundreds of other churches, great and small, worthy of attention.

These include the magnificent "wool" churches of East Anglia and the Cotswolds.

There are other good, if more profane, reasons for pursuing a cathedral city theme this week-end. Cathedrals (and great churches) developed when and where they were most needed, becoming the ecclesiastical focal points of areas of a usually rich agricultural potential. Thus, they mostly combine with two attractive features: firstly, an often ancient urban nucleus, and secondly a very fair surrounding countryside. It is the kind of countryside that equally provided the right conditions for flourishing estates and the hundreds of historic houses and stately homes that will undoubtedly be doing brisk business this weekend, along with even more ancient monuments. So, with only a little mileage involved, Oxford can be combined with Blenheim Palace, York with Castle Howard or Harewood House, Durham with Washington Old Hall, Chichester with Roman Fishbourne, Salisbury with Stonehenge and Loosley, and so on.

At this late stage, the best general sources for details are local and regional tourist information centres, of which there are some hundreds, most of which will (or should) be manned today at least. They will also be able to tell you about some of the older happenings from which the following is a short selection.

At Palace Farm Field, Wells, Somerset, for example, there will be re-enactment of the Siege of Wells of 1642, the



NORWICH

battle starting at 17.00 hours today, and 14.30 on Sunday and Monday.

On Monday, some of the world's most historic flying machines of the Shuttleworth Collection will take to the air at Old Warden Aerodrome, Biggleswade, Bedfordshire. At Belvoir Castle, Grotham, Leicestershire, there will be a Wild West Shoot-out tomorrow and Monday. Parascending and hang gliding feature for the next two days in the Easter Show of Doddington House Park Carriage Museum, Chipping Sodbury, near Bristol, at the same time

as a Mint Steam Spectacular taken place at Elvaston Castle Country Park, Derbyshire.

Those who are confined to London will have the advantage of being able to telephone 246-8041 to find out what's on in the capital which, of course, includes the great Easter Parade tomorrow in Battersea Park (kick-off at 15.00). This is preceded by all kinds of attractions from 11.00, among them the Easter Bonnet Competition at 13.00. It might just be as entertaining as ours... SYLVIE NICKELS



BETHLEHEM

## Festive Italy

THIS WEEK has seen many re-enactments in Europe's predominantly Catholic countries, including Italy, of the sequence of events which, following the Crucifixion, reached their climax on the first Easter Day.

Nowhere is the prelude and signal for universal rejoicing heralded more dramatically than on the Piazza del Duomo in Florence with the traditional Scoppio del Carro. A paper dove, running along a wire stretching out from the cathedral, sets fire to a wooden, flower-hectored cart standing in the main square in a ceremony which recalls the ancient custom of lighting a holy fire at home on Easter Eve.

However, religious ceremonies and processions throughout Italy, whether elaborately staged or carried out as restatements of

faith among small village communities, are by no means confined to Easter. The anniversaries of many saints are commemorated locally and Corpus Christi and the Assumption are major dates in the church calendar.

One of the most famous and spectacular of all traditional events, the Sagra Palio, staged annually on July 2 and August 16, when horsemen from the competing contrade—the guilds into which the medieval city is still divided—compete for the glory of winning the Silken Banner (Pallo), race around the strangely-lopsided and uneven Piazza del Campo. The Pallo combines a religious aspect with the secular as horse and rider are blessed before risking their life and limb in Europe's most frenetic and dangerous equestrian happening.

The Feast of the Assumption on August 15, coinciding with Ferragosto, Italy's equivalent of our August Bank Holiday, is widely celebrated and I still remember vividly attending the celebrations at the little walled town of Portovenere, facing out

across the Gulf of La Spezia towards Lerici. Flaming torches had been set up on the crenellated battlements as the town band, playing with deep sincerity but occasionally a bit discordantly, led the solemn procession past little altars set out in front of houses and shops alike in a simple profession of faith, none the less moving for the occasionally muted notes from the brass section.

Elsewhere the ancient pagan Festival of Snakes at Cocullo, transformed over the centuries and now celebrated on the first Sunday in May, is dedicated to St. Domenico, the town's patron. His statue, covered in a writhing mass of live snakes, is processed throughout the town.

Holy week marks the climax of that life which began so simply in a Bethlehem stable and, at Fardis in the Province of Friuli-Venezia Giulia, a full-sized crib is displayed, in one of the caves in a setting somewhat similar to that of the original manger.

In the Sicilian capital of Palermo, S. Rosalia, the city's patron who saved the town from

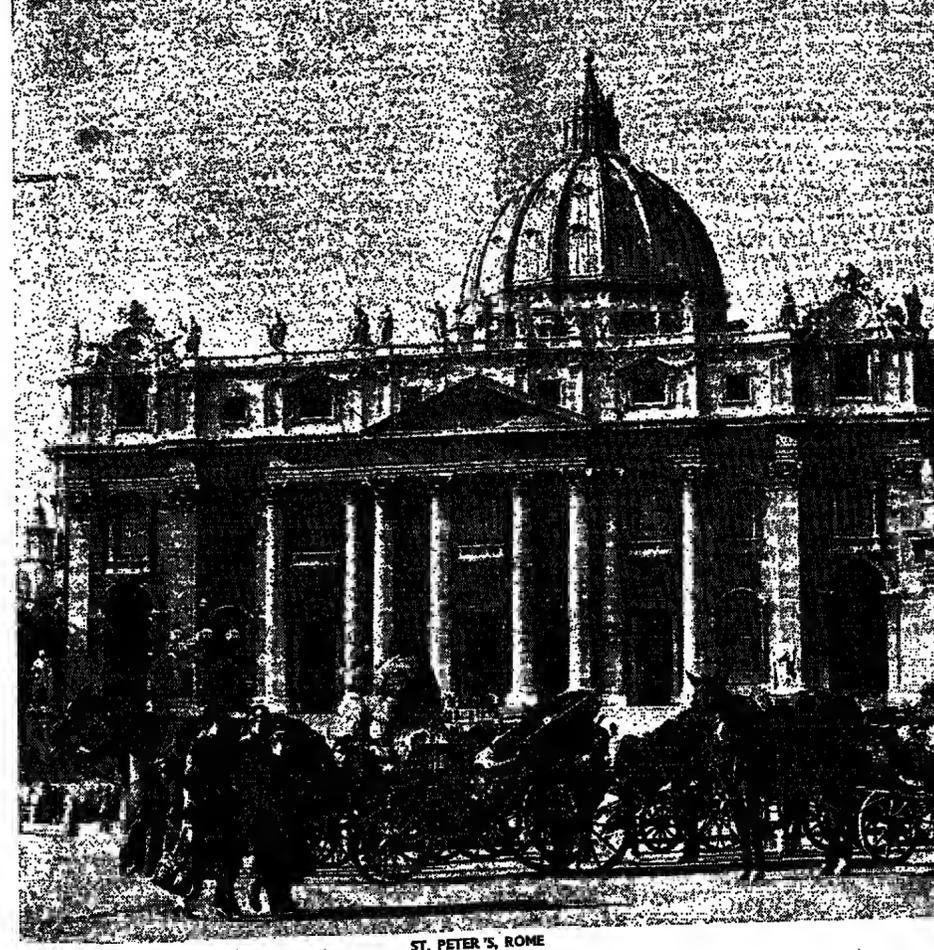
destruction by the plague in the 17th century, is commemorated with solemn nocturnal processions in July and September with thousands of pilgrims, carrying torches, walking up to the shrine located in a sacred cave.

October 4 sees the annual celebration of the Feast of St. Francis at Assisi and the specialist tour operator, Inter-Church Travel, arranges some imaginative itineraries covering these celebrations as well as other major Christian festivals in Europe and beyond.

If you are travelling through Italy, you may well suddenly come across a local procession taking place even in the tiniest village. I only learnt about the one at Portovenere on arriving in Lerici and crossed over for the evening. Local tourist offices can generally provide comprehensive details about the events in their own area.

ADDRESSES: Inter-Church Travel, 125 Pall Mall, London SW1Y 5EA Italian State Tourist Office (ENIT), 201 Regent Street, London W1

PAUL MARTIN



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ARTS 2

هكذا من النهر

A week for seeing the stars

Madame Rosa (AA) Screen on the Hill... Battlestar Galactica (U) Empire... The Water Babies (U) Classic Haymarket...

of Samy Ben Youb as the boy. But Signoret bestrides the banalities like a Colossus...

"Battlestar Galactica erupts on the screen in the simultaneous glory of Panavision and Sensurround. As the images explode before you in rainbow-hued violence...

The story, set far in the future, tells of a motley fleet of human-manned space vehicles processing across space from distant planets to the forgotten bays of Earth...

The model-work and special effects are high-calibre. But the characterisation and story-shaping are rudimentary, not to say feeble.

The Water Babies is a curate's-egg adaptation of the famous Victorian fairy-tale by Charles Kingsley...

The cartoon sequences, by contrast, are gaudy and ersatz. For reasons that elude me, the drawings were designed in Britain



Samantha Gates and Tommy Pender in a scene from "The Water Babies"

and animated and processed in Poland. Perhaps lack of artistic co-ordination produced the dire result.

made during the Third Reich. It shows at the National Film Theatre until the end of April and professes a fascinating glimpse of the covert workings of propaganda within a commercial film industry.

Goebbels once declared that "the best propaganda is not that which always openly reveals itself."

The movie event of the month is not very Easter-like in spirit - it is a season of German films

biopics as Paracelsus, Bismark and Rembrandt, and a cluster of vehicles for the great German star of the period, the glamorous siren Zarah Leander.

Michael Winner's Firepower, by contrast, should be put in flimsy quarantine. If you want to ruin your aesthetic health...

Palace, Watford - The Autumn Garden. British premiere of a Lillian Hellman play about decaying relationships among rich Southerners.

Airing our views via Mr. Day

Here we go again with Robin Day's Election Call enlivening the morning hour. Joe Soap gets his big chance to cross-examine the Chancellor of the Exchequer publicly.

session was put forward to Sunday when I caught it. What a catalogue of woe, of obtrusive crackling and buzzing, of totally unacceptable levels of hissing and interference...

RADIO

ANTHONY CURTIS

replies from the knowledgeable and sanguine officials. One listener complained of a mysterious Russian station breaking into the home production on his car radio every time he approached the Brent Shopping Centre.

Yet another listener wanted to know why the BBC had to be confined to such a narrow section of the VHF wave-band for its programmes. Why could it not spread itself and use the whole wave-band?

THEATRES THIS WEEK... AND NEXT

Palace, Watford - The Autumn Garden. British premiere of a Lillian Hellman play about decaying relationships among rich Southerners.

Stratford-upon-Avon continues with Cymbeline on Tuesday. The National, putting its difficulties to good use, offers an unexpected week of The Passion at the Cottage, also from Tuesday.

Players, a likeable American company for children. On Wednesday, Happy Birthday, by the Cambridge-Cross combination that gave us Brian's Boying, opens at the Apollo, and Manchester's Family Religion comes to the Royal Horse. PS Your Car is Dead, which was a reluctant success in the U.S., opens on Thursday at the Open Space, and a new play, Joe Eszter, at the Apollo in Shepherd's Bush.

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A FINANCIAL TIMES SURVEY IRELAND JUNE 18 1979 The Financial Times proposes to publish a Survey on Ireland. The provisional editorial synopsis is set out below. INTRODUCTION: Ireland last year topped the EEC charts for growth rates of GNP and exports.

FINANCIAL TIMES

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Saturday April 14 1979

POLITICS TODAY

The manifestos compared

By MALCOLM RUTHERFORD, Political Editor

Digging in for May

DURING THE last days before Easter the country and the markets seem to have adjusted themselves to the prospect of an election campaign which although unusually long, does not at the moment look unusually exciting.

It is equally a point at issue. Labour would strengthen the Price Commission, and try to secure planning agreements by compulsion.

The electorate is being offered a genuine change of direction, but the short-term consequences are no longer seen as very dramatic.

This state of affairs reflects both credit and discredit on the outgoing government. Monetary control, after a dangerous and expensive wobble, seems to have been restored—indeed, some officials are beginning to suspect that their recent successes in selling issue after issue of Government stock have resulted in temporary overkill, and have sucked so much liquidity out of the system as to provoke unexpectedly high borrowing from the banks.

Pound's strength

This tight control has had much to do with the remarkable strength of sterling, which has risen, despite profit-taking, by more than a percentage point since it was uncapped last week. The steep fall in long-term interest rates, down 2½ per cent from their peak, also has more to do with market conditions than with politics.

However, the rather subdued state of feeling now reflects partly a growing awareness that some troublesome problems, especially over public sector pay, have been brushed under the rug.

The next Government will have to size up and tackle these problems before it can make much progress with its chosen programme. This fact has reinforced the caution which both sides have learned in a hard school, with the result that both the main parties have gone to the country with manifestos which are fairly clear on basic philosophy, but very short on the specifics which could be costed and assessed.

Letters to the Editor

Microelectronics

From the Director General, Computing Services Association.

Sir—Readers will be aware of the impending impact of microelectronics upon British society. I want to suggest two things: That the impact will be wide and deep, and that the creation of a framework to handle this impact is a vital and urgent step.

Microelectronics in its two prime manifestations will bring about the convergence of telecommunications and computing and the product, which I call information technology, is a resource as powerful, influential and as useful as electricity.

We want to avoid the creation of intellectual overclasses and underclasses; we need to review automation progress; we need to protect private freedoms; we need to anticipate competitive futures for our industrial and commercial activity; we need to shape the methods and content of our education and training sector to embrace this technology; we need to consider the extent of influences over free speech and communications arising from videotape developments, and one can go on.

The impact of information technology on products, processes, information systems, consumerism, political intelligence and education will occur through the next 10 to 15 years with increasing rapidity. It is vital that we do not cast away skills and experience that only appear obsolescent while developing new skills that may be obsolescent before they are trained in. We need to consider much shorter, more vocational educational periods than, for example, universities currently offer. A year's intensive, relevant training may be more useful, supplemented by educa-

tion of a more general nature over several years, indeed why not throughout life?

Above all, a group of wise men and women need to assemble to begin to assess the profile of a programme for Britain relating to this technological development. They should represent Parliament, Press, education, unions, government, industry, law, self-employed and so on—a cross section from all walks of life. Their deliberations and discussions should be widely and regularly publicised and they should be independent of, although advisory to, the Government of the day.

The computing industry has for some years now shown itself capable of intelligently discussing these problems, but unless the views of the professionals are channelled it is just idle discussion.

Alan A. Benjamin, 5th Floor, Henwood House, 73-74, High Holborn, WC1.

Harmonisation

From Mr. B. Prodan.

Sir—I sympathise with Mr. Henry Wilson (April 6). If, however, the focus of attention is to be the shareholders, the customers, and the employees for whose benefit the business is supposed to exist, then the auditing profession should be able to cope with the changing circumstances with such aids as activity sampling, critical path, dynamic programming, least cost scheduling, systems analysis and the computer. Anticipation is the key.

I have never heard of a chain-store manager complaining that Christmas comes at the same time to all his stores thus making his work load excessive. On the contrary, he thrives on it.

THE ELECTION that people have been talking about for a good three years has in the end caught the political parties unprepared. The campaign has now passed for Easter, but in truth it had scarcely taken off. Candidates have been too busy producing their literature, talking to the printers, and generally getting their act together actually to start campaigning.

The Gallup Poll in the Daily Telegraph reported that only 8 per cent of those sampled between April 6-9 had received visits from any of the parties and only 12 per cent had seen any party posters. Thus anything achieved in the past few days was a bonus, and the campaign will only begin in earnest next week.

What we have so far are the party manifestos and the results of two of the mainstream public opinion polls—Gallup in the Telegraph and MORI in the Daily Express—both of which give the Tories a lead of about ten percentage points over Labour. The lead is substantial but not impregnable, and indeed one of the leading pollsters in the country is pointing out that the significant trend of the last few elections has been not so much the swing towards the party in opposition as the narrowing of the gap between the two main contenders. In the end, very few people change their allegiances; nor do they wish to see a decisive victory for either party. If that view is correct, Labour still has everything to play for.

So how will the campaign be fought? The manifestos make the main divisions between the parties pretty clear, though there is still some hurring at the edges. The main issue is tax and its concomitant, public expenditure. All three parties are promising a cut in direct taxation and a switch to taxes on spending.

The Liberal pledges

The Liberals are the most dramatic with their pledge of establishing a starting rate of income-tax of 20 per cent and a top rate of 50 per cent over a period. Their tax proposals are also the simplest, if not necessarily the most realistic. They would introduce tax credits to take the place of personal allowances, social security payments and national insurance benefits. There would also be a system of self-assessment as in the U.S. The investment income surcharge would go and be replaced by a wealth tax on very large (but unquantified) accumulations of capital. Not least, there would be an end to domestic rating and the introduction of a tax on land values as part of the Liberal's proposals for the reform of local government.

What is perhaps most curious is that the Liberals do not seem to regard cuts in public expenditure as being desirable for their own sake. They propose only an attack on bureaucratic waste. Like the Tories, they believe that spending on defence

WHAT THE ELECTORATE IS WORRIED ABOUT

Table with 5 columns: Issue, ALL, WOMEN, AGED 18-24, TRADE UNIONISTS. Rows include Prices/Inflation, Unemployment, Trade unions/strikes, Taxation, Law and order, Common Market, Pensions, Housing.

HOW THE ELECTORATE THINKS THE PARTIES WILL COPE

Table with 5 columns: Issue, ALL, WOMEN, AGED 18-24, TRADE UNIONISTS. Rows include Prices/Inflation, Strikes/Indust. disputes, Unemployment, Common Market.

Source: Polls conducted for Daily Express/Evening Standard by Market & Opinion Research International.

should actually rise. Like the Labour Party, they offer a virtual blank cheque to British Rail to maintain the existing rail network. It is also notable that the Liberals remain sufficiently deferential to their own rural supporters to oppose (by implication) an increase in the petrol tax—one of the most obvious candidates for a rise on any grounds.

It is therefore not surprising that the Liberal figures do not appear to add up. The explanation is perhaps that a party that is unlikely to have responsibility for implementing its programme can afford to be lax. What the Liberals do offer, however, is a shopping list in the event of either of the two major parties requiring Liberal support. The Liberal programme taken together may be utopian, but most of the individual items are attractive enough. The Liberals could insist on implementation of almost any group of them as the price of keeping a government in office, should the opportunity arise.

Tax cuts are obviously the trend of the times. Not so long ago there was talk in the Labour Government of cuts to help middle management. That seems to have been lost along the way, but the Labour Party like everyone else is talking about cuts at the lower end of the earnings scale and of taking significant numbers of people out of tax altogether.

The Labour Manifesto also differs from those of the Tory and Liberal Parties in that it is the only one to set a specific target for economic growth—"three per cent a year or more." Mr. Callaghan had forgotten the figure for the cost of the programme when he launched the manifesto at a Press conference last week-end, but he subsequently stated that it was £2.5 bn. That may seem rather modest, but without any knowledge of how it is calculated it does not convey a great deal, and it appears to come on top of the increase in spending already announced in the last expenditure White Paper. A reasonable question to ask, though it is,

of course, impossible to answer, is whether a sustained economic growth rate of three per cent a year or more is feasible under a Labour Government. Certainly it has not proved so in the past. The questioner might then go on to wonder whether it is possible to combine cuts in direct taxation with rising public expenditure if the growth target is not achieved.

The Labour Party is somewhat hazy, too, about its proposals for a wealth tax on people whose total net personal wealth exceeds £150,000. At his initial press conference, Mr. Callaghan was unable to answer a simple question about whether the value of a person's house would be included in the total. That, he said, was a matter for the Exchequer. But it appeared this week that Mr. Healey is none too clear either. He said on BBC Radio 4 that it still had not been decided whether a husband and wife would be taxed separately or together; that decision making a considerable difference to the outcome.

The Tories' caution

The Tories have in many ways been cautious. The expected commitments to cuts in income tax at all levels are all there, and there is a further commitment to cut what the Manifesto calls "the absurdly high marginal rates of tax both at the bottom and top of the income scale." There is the promise of a gradual reduction in the government's borrowing requirements—the acid test to be applied by the City, of proper monetary discipline and of "important savings" in public expenditure. But anyone looking for a more detailed programme will be disappointed. The Tory Manifesto, in fact, is more a statement of philosophy than a specific agenda for action.

Several will note that there are certain areas where public spending under the Tories would actually rise. They include not only defence and internal law and order (which were known in advance), but also education through the

scheme for assisted places at independent schools. They will also be struck by the frequency of the promise to place particular issues under review. The who field of competition policy, including the activities of the Price Commission, is one of them. It appears that the Tories simply never got round to formulating a prepared policy. Not least, there is room for scepticism about the proposal to offer British Shipbuilders back to the private sector. It is not exactly a sellers' market.

It is also notable that the Tories make no promises about economic growth. Indeed, there are even hints in the manifesto that the British people may have to go through a period of considerable self-sacrifice. The Tory commitments on the reform of the tax structure—for example, in a move to tax credits—are somewhat limited, and it is admitted that the abolition of the domestic rating system will have to be subordinated to the need to cut income tax.

What the Tories do promise, however, is to try to create the conditions in which growth could take place. It may require an act of faith to support them or simply disenchantment with the Labour Party, but the rational being will ask as many questions as possible before the election takes place.

Such questions will include: The Tory approach to the trades unions. The Tory proposals here are relatively mild—a possible change in the law relating to picketing, some opposition to the closed shop and—most controversial—the threat of the assumption for tax purposes that strikers are paid more from union/funds than they actually are. The real point of this latter proposal is presumably to challenge the unions to strike, and therefore to discourage union support for strike action.

Yet it may well be that this whole issue is a false problem. If the economy starts to grow and people become better off, industrial unrest—except for the special cases that occur in all economies from time to time—could become less. If the economy continues to stagnate, the unrest will continue despite minor changes in the law, and

foreigners has become an issue.

There are only two other areas that one would pick out, apart from the general approach to the economy and the role of the State in people's lives, as examples of major differences between the parties: One is defence and the other is Rhodesia.

The Labour Manifesto contains this rather surprising statement: "We shall continue with our plans to reduce the proportion of the nation's resources devoted to defence." It had appeared that defence spending was recently going up again, partly as a result of a promise to NATO. Presumably the new promise of cuts was a concession wrung from Mr. Callaghan by the Left in return for their relative restraint on other issues. The Labour statement on the future of the British nuclear deterrent is also confused to the point of being meaningless. The Tory Manifesto is unequivocal on both questions. Defence spending would go up, though by a unspecified amount, and the deterrent would be preserved.

It is on Rhodesia that the Tories threaten to go off on their own. They say they may be prepared to recognise the results of this month's Rhodesian elections. If so, there would be a "duty to return Rhodesia to a state of legality." It is an issue that could yet blow up in the last few days of our own election campaign when the Rhodesian results are known. The Tories—and Sir Harold Wilson—have always talked of British duties and responsibilities towards Rhodesia, but the real problem has always been the lack of British power to put those responsibilities into effect. The Tories are on a difficult, if not dangerous ground.

There are other areas where the parties are talking about the same subject, though not necessarily saying quite the same thing. Europe is one of them. All three parties seem to have more or less adopted the line of Mr. John Silkin, the Minister of Agriculture: fundamental reform of the Common Agricultural Policy, the elimination of structural food surpluses and a strong stand on behalf of British fishermen. The Tory Manifesto achieves a spectacular nonsense in this last field. It says that a Tory Government would work for agreement with the European Community, but goes on: "In the absence of agreement, we would not hesitate to take the necessary measures on our own." Then it adds: "but of course on a non-discriminatory basis." It is hard to see how one can take unilateral measures to protect one's own fishermen without discriminating against others.

Even on law and order the parties are at least talking the same language. The tone of the Tory document is stronger, but one only has to go round an urban constituency with a Labour candidate to see how deeply the need to do something about vandalism, is recognised even on the far Left. Labour may wish to concentrate more on the cause and the Tories more on the effect of violence, but it is a common problem.

So too is the underlying question of racialism. Even the Tory Manifesto pledges "to exercise firm control over immigration and to ensure that the rights of all British citizens legally settled here are equal before the law whatever their race, colour or creed. And their opportunities ought to be equal too." On the urban doorstep there is no doubting that resentment of

The twilight areas

Kept to the last are the areas where the policies of the two major parties are either mutually deficient or almost non-existent. There is a notable absence of a comprehensive statement on energy policy. There is a great deal of stress on the need for conservation, but little is said about how the different sources of energy are to compete against each other, and who is to be in charge. Tories and Labour alike remain almost equally mute on the question of the reform of political institutions, an area where the Liberals come into their own. It is at least conceivable that some of our shortcomings in recent years have been due to the way we conduct our political business. To take just one example, there is the question of MP's pay. It is apparently to remain at its present niggardly level. All in all, it is perhaps just as well that the campaign proper has nearly three more weeks to run. There are a great many questions still to be asked. Even if they will not all be answered, they ought to be put.

Advertisement for Distressed Gentlefolk's Aid Association. Includes a drawing of an elderly man and text: 'I didn't want to be a burden, but what food is my pension worth?' and 'When you've paid into a pension to make yourself self-sufficient in retirement, it is heart-breaking to have to ask for help.'

Psychology Unit of the Medical Research Council.

J. P. O. Lewis, Inland Revenue, Press and Information Office, Somerset House, WC2.

Savings

From Mr. S. Blanche.

Sir—Professor Constable, of the Cranfield School of Management (April 4) merely reinforces what is wrong with our society today. Politicians of all parties make us wild promises none of which they intend to fulfil. What we should really be looking at is what governments do with our money once they get their fingers on it.

Taxing

From Mr. J. Lewis.

Sir—Professor Heywood (April 4) suggests that the Reveue's objections to self-assessment, set out in a recently published report, are simply a defensive reaction.

Allowances

From Gladys Hamilton.

Sir—I think the details of the proposed changes in personal income tax allowances (April 4) are slightly misleading. I think this should have read "single allowance."

I am a single pensioner but my personal allowance is currently £985, as for every other single person. Since some firms and even nationalised industries make it compulsory for a woman to retire at age 60, I have often contemplated that the age allowance should be granted to a woman on retirement—or as you have aptly printed it "single pensioner's allowance."

My purpose is not to enter this great debate, only to equip people for it; so remember the essentials, CAP means discriminatory agricultural policy, and Green Pound or monetary compensatory amounts mean dumping.

Roads

From the Secretary, Road Haulage Association.

Sir—Mr. Redler asks (April 6) how much it will cost to strengthen roads to carry the extra weight of 44 ton lorries. The answer is that if these vehicles are to be permitted the roads will not have to be strengthened. They will be fitted with an additional axle so that no extra weight will be transmitted to the road surface through each axle.

Exporting

From Mr. R. Musgrave.

Sir—BL has occupied several square feet of your pages recently to inform us it is the country's highest exporter. Perhaps I may be allowed a few square inches to point out that there is nothing very clever about selling abroad or at home, if it is done with the assistance of hundreds of millions of pounds of taxpayers' money—i.e. at a loss.

Guide

From Mr. P. Turner.

Sir—May I offer a plain man's guide to the Common Agricultural Policy? Half your readers' eyes have no doubt glazed over already.

When beef is imported from Germany at less than the cost of production, and when French wheat and Danish bacon are sold here at less than the cost of production, that is dumping. When this is done with the blessing of all the Governments involved, this is not a common agricultural policy, it is discrimination.

There are differences in national approach, however. Mainland European governments broadly believe that producers agriculture is a pump-



# A somewhat incomplete angler

هكذا من الضمير

BY JOHN CHERRINGTON

I HAVE fallen between two fishing stools, if you see what I mean.

It's all to do with the British class system. As a child of industrious parents, and educated by the exclusively puritan doctrines of saving and self-denial, all my early fishing had to be free. It would have been almost incredibly spend-thrift to have invested in fishing holidays where game fish, trout and salmon were available. This was reserved for the very rich who were born to it, or the profiteers who had grabbed enough money to be able to buy such fishing for themselves.

So like the great mass of the stricken people, I had to start with coarse fishing, in competition with many more expert than I. That is not to say I never caught a trout during my youth; but I cannot be said to have been a purist.

Some miles from my home at the time was a chalk stream, the Gade. Some quite nice trout were to be seen under the bridge which takes the main road across some old hatches. It wasn't difficult to cycle up to the parapet and rest against it admiring the view—while at the same time dangling a lead line into the water.

There was no guess: it was just a question of dropping the worm into the slack. I always used a worm, handling in fast when it was taken, stuffing the victim into my 'satchel' and shooting off at top speed. I was never caught. But one of my acquaintances, determined to do the job in style, set up a proper fly rod and arrived at the bank at sunrise—only to meet the keeper and have his tackle confiscated.

Once home, I was able to convince my mother, who at the time did not know any better, that my trout came from the canal, my only legal fishing venue.

I must have been about eight when I caught my first fish. I was in the charge of a French governess on a Gloucestershire farm and she had heard that there were eels in the farm pond.

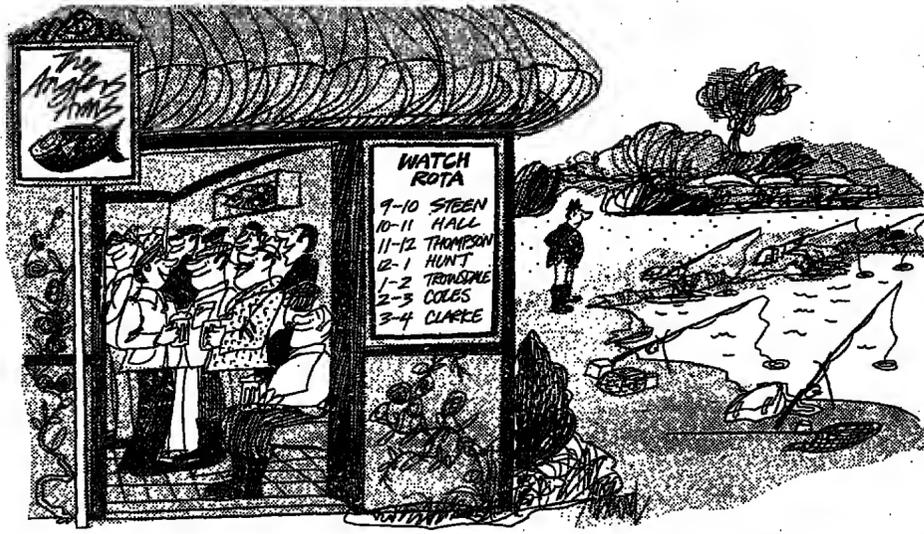
She made me up a rod and line complete with bent pin for a hook and baited with a worm from the garden. I dropped it in the water and it was immediately taken. I was petrified. "Fire rise" she shouted in my ear. I jerked the rod and a wriggling eel shot out of the water end over my shoulder, to be grabbed and put in the governess's bag. I caught about half a dozen before they stopped hitting and I gave up for the day.

The next morning she showed them to me swimming headless in the saucpan in which they were to be boiled. I hurst into tears, taking no notice of her assurance that the wriggles were only produced by nerves. I have never willingly caught an eel since, and will only eat them smoked to this day.

There then followed several years of coarse fishing, though by then I was well equipped with rod, line and bucket for the fish I was going to catch. I spent the best part of two years by the Hampstead ponds, shoulder-to-shoulder with many other fishermen watching boats that never bobbed. I can't remember ever catching anything, not even a gudgeon. But I did have a hand in catching a hefty carp.

It was the habit of those Hampstead fishermen to leave their rods supported by forked sticks while they hustled themselves throwing in ground bait, drinking beer, eating sandwiches, reading the paper or just sleeping.

Suddenly, there was a commotion just down the line. A rod was plucked violently from its rest and towed round



the pond a number of times. Eventually it passed quite close to me, and as I had the longest rod on the day, I lent it to the fisherman to catch the floating trout. This he did, and eventually brought in the carp, an eight-pounder.

Strangely enough, I had much the same experience last year in Scotland. I was salmon fishing, and on the fifth day of an absolutely blank week I put my rod down with the fly in the water and turned my back to spend a penny. While so occupied, I heard the reel begin to turn. But before I could grab it, the rod had been pulled into the centre of the pool

where it sank at once, not to be retrieved until the next morning after the fish had got off.

The moral of this is that when static lining for salmon, or anything else, it is best to secure the butt of the rod. Static lining is unethical, I am told.

I also took up sea fishing on family holidays in Brittany. The cook at our boarding house encouraged me, and like all perfect women was pleased to clean my catch. She also taught me that limpets eaten fresh off the rocks were just as nice as oysters. "Les huitres des rochers," she would call them.

Sea fishing came to an end during my engagement. In those

days fathers-in-law took a keen interest in their daughters' future husbands, and mine gave me a test by taking me on a family cruise on his yacht. I did not do very well. I pulled the wrong ropes, sieered in the wrong direction and then, in spite of the fact that I had sailed unaided around Cape Horn, was sick.

To recover my position, I put a line over the side and soon started to pull in mackerel, which I passed to my intended for her to prepare for the pan. Those who catch the fish, said father, must clean them, and in any case they stink the boat out. I have been a family fish

cleaner ever since.

I began to attack the trout in a big way in New Zealand. At one place I worked there was a small stream containing a few small trout. When we killed a sheep it was hung over the water and the hood and other bits used to fall in. The trout, naturally, were nice and plump and would take a chunk of meat on a hook. They had a marvellous flavour, and made a change from mutton at every meal.

There were other means: in the bigger rivers there were some very good fish, and the technique was to fire a .303 bullet into their midst. The

shock would stun them and they could be raked in as they floated downstream. It was also possible, although I was never successful, to mix acetone and water in a lemonade bottle—one of those with a marble in the neck—and sink it in a pool. Pressure of the gas would make it explode, and up the fish were supposed to float.

This, according to the experts, was nothing like as effective as a Mills grenade. But grenades were scarce in New Zealand at that time. I would never really use such means, of course, but once, while in the Home Guard, I was sorely tempted.

The reason for this uncharacteristic profligacy was simply that it was becoming increasingly infected with the sporting ethic which, like the work ethic, is one of the most pernicious afflictions to be suffered by mankind.

There are rules in all game fisheries as to the types of baits to be used. The permitted baits are not necessarily those which fish will take as a first or second choice. If they were, rivers and reservoirs would soon become empty, unless fished by coarse fishermen, who put them back and in consequence can use anything.

Living near the River Test, I had heard and even read about the delights of fly fishing, and soon after the war I began to attack the trout legally at last. My slowly increasing economic status had eroded, as it so often does, my penurious principles.

I began by attacking the rivers and lakes of western Ireland with indifferent success. There was always a gullie in the boat and, while an interesting character of great charm, it was he who always hooked all the fish. I began to lose interest in lake fishing and decided to have a

go at dry fly in the Kennet and finally the Test.

A lot of nonsense is talked about dry fly fishing, but the principle is quite simple. All you have to do is to deposit a floating fly within reach of a rising fish without scaring it. In the hope that it will be taken. The fly should bear some resemblance to those floating down the surface at the time. What skill there is depends on the gentleness with which the fly hits the water.

While still learning, I entered the casting competition at one of the early game fairs. Here the object was to drop the fly in hoops floating on a pool. I noticed my fellow competitors were casting as if there were wary fish around, so that the strong wind was spoiling their accuracy.

I used brute force, splashing the fly in every hoop and walking off with the first prize. My casting was the object of derision and the applause at the prize-giving negligible. I have never won it since, but I regard the subsequent imitation of my technique as the sincerest form of flattery.

The Test, where I have fished for 20 years, has provided the finest antidote to the trials and tribulations of life. When I say to my staff or my family that I am off to the bank, they don't know whether I am going to draw the wages or waste another afternoon.

But it's not always a waste of time. Many years ago I was driven by a thunderstorm to shelter in a fellow rod's laggar. All through a long very wet afternoon we talked and supped a little gin. In the end, he disclosed he was the (now retired) editor of this paper. I admitted to being a desultory writer. As a direct consequence I joined the FT.

I wonder who caught whom that day.

## Weekend Brief

### Canterbury tales

As the church celebrates the most holy week of the year there are increasing thoughts within the Church of England about the future of its spiritual head, the Archbishop of Canterbury.

Dr. Donald Coggan will be 70 in October and since this is the age at which most clergy retire there is speculation that the primate will probably bow out towards the end of the year. There is, however, no obvious successor who has emerged during the five years of Dr. Coggan's incumbency.

The succession to Canterbury is complicated this time by the pending retirement also of the Bishop of London, Dr. Gerald Ellison, better known to a wider audience perhaps as a one-time umpire for the boat race. The diocese of London is one of the most senior in the church after Canterbury and York and might ordinarily have provided a candidate.

What the church seeks is a scholar, administrator, and a leader able to communicate with the most humble parishioner. Since the Church of England is also spiritual leader of the Anglican episcopacy round the world the next archbishop must be able to wield influence of an international scale. Indeed, there is some evidence that the church overseas, especially in the United States, is wanting a bigger say in the succession to Dr. Coggan.

On top of this, the archbishop has to reflect the balances within



Archbishop Coggan: retirement year?

bishop of Willesden, in north London, before being translated to Cornwall, has grown in stature enormously during the past few years and become an influential voice in church affairs.

One quibble is that he might be a little too high for many people's tastes. Earlier this year, he appointed Brother Michael, of the Society of St. Francis, as his suffragan bishop, an indication of where his theological loyalties lie. There are also fears that he could endanger the fragile flower which is unity with the non-conformist churches in order not to imperil the greater, to him, desire for a dialogue with Rome.

Those who prefer something a little more exclusive could buy a limited edition of original prints, entitled "Shadows of War," printed on matt art paper and individually signed by the artist, Mr. Peter Badcock. These include drawings of white and black Government soldiers in a variety of sentimental poses, as well as schmalzy portraits of Black refugees. One of them in rather dubious taste, shows a white soldier sitting in a latrine with his trousers round his ankles, gazing pensively into the mid-distance.

But perhaps the highest hits of the moment are mementos associated with last October's Rhodesian raids into Zambia. You can buy a T-shirt emblazoned with the words "The Rhodesians are coming" above a cartoon-drawing of a group of wide-eyed, horror-struck guerrillas fleeing in every direction. Or you can curl up with a copy of the novel "Operation Zambezi," a fictionalised account of the "Lives and loves typical of the Rhodesian troops" who took part in the raid on Zambia. Wildly patriotic, it is selling like hotcakes in Salisbury, although it is not exactly the style of writing of which Nobel prizes are made: "His AK Sledge splattered into life and ripped into Dipenaar's guts as he was swallowing his first burning mouthful of coffee. He died clutching the cheap china cup and thinking that he had forgotten to pay this month's mortgage instalment."

Intertwined with all this military memorabilia are souvenirs which play on a wave of white nostalgia for the era of political domination that is drawing to a close. You can buy a cartoon history of the country since 'UDI or a record entitled "Rhodesia the brave and the beautiful."

One of the most telling souvenirs is a book of cartoons entitled "The Whenswes of Rhodesia." Whenswes being emigrants who live so much in the past that their every other comment is prefaced with the words "when we were in Rhodesia..." The Whenswes, the cartoons suggest, are to be found disgruntledly trying to settle down to a new life in Britain, South Africa or the Antipodes, constantly comparing their new surroundings unfavourably with Rhodesia.

One portrays an elegant Mrs. Whenswe standing in a bus

queue alongside a group of downtrodden workers reminiscing about the time she lived in Salisbury and had four servants, three cars, played bridge every morning, golf every afternoon but was always home in good time for drinks at six.

### Jet sets

In 1962, an adaptation by Beverly Cross of Marc Camoletti's Parisian boulevard comedy, *Boeing Boeing*, opened at the Duchess Theatre, capitalised at £6,000. It ran for over five years, made a profit for producer John Gale of £135,000, out of which the investors were repaid 15 times over.

Can Camoletti, Cross and Gale repeat the winning formula with *Hoppy Birthday*, which opens at the Apollo Theatre in Shaftesbury Avenue on Wednesday and stars Ian Lavender, Christopher Timothy and Julia Foster? Although the play has only one set and five characters, inflation and soaring costs in a labour-intensive industry have seen to it that *Hoppy Birthday* capitalises at about £45,000, the sort of sum with which you could mount a big musical several years ago.

Although critics may frown—the reviews for *Boeing Boeing* were, on the whole, vitriolic—Mr. Cross insists that the best of Parisian boulevard comedy is in the tradition of Feydeau, with an indigenous, often untranslatable charm. The writing of Camoletti uses tricks of repetition and timing which demand, he says, "a sort of metrical translation." He points out, too, that the lead role in *Boeing Boeing* provided a genuine vehicle for such accomplished light comedians as David Tomlinson, Leslie Phillips, Peter Jones and Ian Carmichael, all of whom played in it. "That Gerald du Maurier tradition of acting will die if we are not careful," he avers, delighted at the way Messrs. Lavender and Timothy are finding the style.

Mr. Cross, who is married to actress Maggie Smith, was keen to call the new piece "Concorde Concorde" but soon threw out the few pages of painfully interpolated script that would have allowed him that pleasure. "As in *Boeing Boeing*, there is no social comment whatsoever, a fact which I feel is not unconnected with its success all over the world. I should think it is played somewhere on every night of the year; it is particularly successful on the supper theatre circuit in America and Canada."

Despite Mr. Gale's jackpot record (his other, even bigger, money-spinner is *No Sex Please, We're British!* still running after eight years at the Strand) he is generally gloomy about the future of the commercial theatre in London: "It will be finished within six or seven years unless we receive considerable help from the Government or municipal authorities." While he would not snub direct subsidy, he feels the answer is for private investors and industry to be allowed to write off their contributions against tax. The Finance Act of 1963, which attacked "featherbed farming," hit the theatre very badly, he says, and now is the time (although it is hardly likely to become an election issue) for the Government to look again at the serious problems confronting the independent theatre.

If *Hoppy Birthday* takes off, it will not provide any long-term solutions, but it may hit a bit more time in the fight for survival.

### Polls apart

BEING out of the country on business for the last stages of the election campaign, and for polling day itself, has advantages and disadvantages. Too often it is like missing one of those parties which everyone says was boring but never cease to talk about. Pleasant surprise number one was the understanding helpfulness of the local electoral registration office—"proxy sir? Certainly, just stan here. Less endearing was the attitude of friends asked to do

the necessary. There was lots of oudge nudge, wink wink, "you'll never know how I voted will you?"

Then came the task of making sure I actually hear the results. BBC World Service, already quite the best of the Beeb's radio channels, is planning full scale coverage starting at 22.30 GMT. (that is 11.30 pm local time) and going on until three in the morning (4 am in summer time). According to my reading of the schedules if you are heading east—anywhere from Rome to Sydney—this is bad news as it is the worst time for reception. For anyone heading west, however, the timing could not be better. In the

### Economic Diary

Statistics expected to be published next week include: WEDNESDAY—Building Societies' receipts and loans (March). Retail sales (March-provisional). Basic rates of wages and normal weekly hours (March). Monthly index of average earnings (February). Cyclical indicators for the UK economy (March). THURSDAY—Unemployment etc. unfilled vacancies (April-provisional). UK bank assets and liabilities and the money stock (mid-March). London dollar and sterling certificates of deposit (mid-March). FRIDAY—Sales and orders in the engineering industries

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WORLD MONEY ANALYST F.T.13

### Memory lane

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Whites are reluctantly resigned to a Black-led government, are nervously wondering whether they should remain in Rhodesia or emigrate, and are indulging in a nostalgic look back to the days when they never had it so good. But above all they remain obsessed by the constantly escalating hush war against the guerrillas of the patriotic front.

Each of these states of mind finds some reflection in the products of the Rhodesian souvenir industry — itself a reflection of the era for a commercial opening which had allowed the country to circumvent UN sanctions for so long. With every White Rhodesian male adult under the age of 60 mobilised for this month's elections it is hardly surprising that the war dominates the momentous market, with products for various tastes.

For the man who must have everything, there are hallpoint pens, cufflinks and keyrings fashioned out of FN rifle bullet casings. For the home, there are kitsch little sherry goblets, also made from bullet casings, or copper wall plaques engraved with a map of Rhodesia and showing the various "operational areas" or war zones.

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# UK COMPANY NEWS

## Companies and Markets

# Pontins boosts Coral to £22m but earnings fall

INCLUDING a first time contribution from Pontins holiday camps and improved performance from bookmaking, Coral Leisure Group lifted taxable profit by £3.5m in 1978.

Despite a sharp drop in £4.4m at the trading level for casinos and a lower result from hotels, the group finished the year to December 28, with profit ahead from £18.5m to a best ever £22.0m. Of the total £14.5m, against £10.95m in the second half.

However, after tax of £9.74m (£8.31m) on capital enlarged by acquisition, stated earnings per 50p share were down from 17.04p to 13.85p.

At year end shareholder funds were more than double at £78m (£37m) and total capital employed amounted to £115.6m (£51.3m) including long and medium-term borrowings more than trebled from £7.9m to £28.9m.

Mr. Nicholas Coral, the chairman, says that 1978 must be a time for consolidation to effect the necessary restructuring and to obtain the maximum benefits from recent expansion and diversification.

The company is confident of a significant gain in overall profit but interest, which cost £4.37m (£1.88m) last year will have a more important impact than previously, he states.

By taking advantage of a buoyant stock market the directors hope also to realise an appreciable profit from the sale of the group's 6.9 per cent holding in Associated Leisure.

A net final dividend of 3.2p lifts the total to a maximum permitted 6.7p (6p).

Group turnover for the year was up 532m to £268m and ending profit was beehive at £26.38m compared with £20.2m.

Analysis on an activity basis these totals included, in £000s: Bingo £2,233 (£4,889) and 1,773 (£1,206); racing £186,748 (£190,951) and £290 (£3,915); casinos £22,457 (£28,023); UK £7,116 (£11,521); hotels, UK £29,508 (£20,103) and £2,862 (£3,468) and in Europe £3,088 (£1,552) and £1 (£82); and other activities £3,729 (£1,418) and £1,486 (£621).

In addition this time Pontins, acquired at beginning of 1978, produced a £6.93m profit on £32.2m turnover in the UK and reduced from £3.3m to £1.8m. The directors say that there has been an encouraging upturn in demand for the company's products in the three months of the year, but they cannot yet say whether it will return to overall profitability this year.

The manufacturing companies in Canada, Malaysia, Thailand and U.S. made excellent progress and to New Zealand, Felix Carpets made a good second-half recovery.

The directors add that in spite of the high-level of capital expenditure net borrowings were cut by £0.4m. The working capital increase was limited to £1.2m. Tax for year takes £1.04m against £1.47m, leaving £3.4m (£0.85m), and after minorities of £0.26m (£0.09m), earnings are well ahead from £0.76m to £1.5m. Stated earnings per share are well ahead from 3.2p to 13.4p.

**comment**  
The dramatic reduction in Australian losses puts C on a recovery track, although a return to the heavy profit levels

## DIVIDENDS ANNOUNCED

Company	Date	Current dividend	Previous dividend	Total
Automotive Products	0.77	0.7*	1.52	1.38*
Beasford	2.53	2.34	3.73	3.34
Benford Concrete	1.36	1.29	2.03	1.82
Berwick Timpo	1.57	1.39	3.33	2.99
Bifurcated Eng.	2.1	1.9	3.1	2.82*
Bowthorpe	0.96	0.87	1.8	1.62
Brown and Jackson	2.57	1	4.5	4
Carpet International	3.33	3.25	4.1	4.65
Coral Leisure	3.77	3.25	4.7	4
General Investors	2.8	2.4	4.5	4
Green Econ.	2.62	2.13	4.4	4.24
Jones Group	3.25	2.93	3.9	3.58
Oil Exploration	2.35	2.11	2.35	2.11
Richards & Wallington	3.38	3.08	5.04	4.51
William Sineal	4.47	4.07	4.47	4.07
Turnover	2.5	2.0	4.4	4.39
Viking Resources	1.32	1.1	1.32	1.1

\*Dividends shown per share net except where otherwise stated.  
\*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues.

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of 1973 is probably still about a year away. At one time Australia contributed about a quarter of group sales but this has now dropped to less than a tenth since severe competition from cheaper imports forced the company to make some major cut-backs.

With the rationalisation now complete there is a good chance of that company returning to profits this year. Elsewhere, with the exception of Germany and New Zealand, all areas show an improvement although UK exports have been held back because of the stronger pound. Overall volume sales have been static with gains in Axminster and tufted carpets being offset by downturns in the Wilton and non-woven varieties.

There is some hope of improvement in the continuing loss of cheaper imports, a strengthening pound and the recent rise in raw material prices injects a note of caution into the current year but CL which has a strong market share in both its principal markets, is well placed to benefit from any gain in consumer spending. With a p/e of 4.8 (on tax charge) the shares, at 65p, yield a solid 11.5 per cent.

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The electronic side of Crellon has a good future. The corporate finance department of Anthony Gibbs has been advising the new Board. This department recommended Thursday's suspension which it expects to be short-lived. A spokesman said that although the company's financial position was still fluid, a restructuring looked possible.

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City analysts differ substantially on the likely preliminary pre-tax figure from Burmah Oil on Tuesday. The range starts at around £16m and runs through to £17m. The main explanation for the variation is the difference in assessment of the impact on Burmah of the recovery in spot oil prices late last year. The North Sea contribution in the fourth quarter is likely to be lower than was expected earlier in the year and most anticipate that difficult trading conditions

in the retail market again affected results from the chain of petrol stations. Interest centres on the question of whether a dividend will be declared but sentiment suggests that even a nominal payment is unlikely at this stage.

Increased demand plus a price hike in June have encouraged analysts to estimate the increase in preliminary pre-tax profits at Circle Industries from £47.8m to around £55m. Overseas contributions may be flat due to the strength of the pound but associate companies are likely to be better following the strong recovery in Mexico. Analysts will be coming to the official announcement for the performance of the Nigerian operations during the second half and the likely trend for 1979. In general they expect 1979 will be a better year than 1978 despite the poor start.

Other results to note next week include Dunby Combox Mark, the toy-makers; Pearson Longair; Pearson and Son; Sun Life Chartered Group; Ready Mixed Concrete and Northern Engineering.

**INTERIM DIVIDENDS**  
Amoco (UK) Holdings Tuesday 0.63 79 1,427  
Castal (S) (Holdings) Tuesday 0.4 0.67  
Lombard Lombard-Townsend Monday 1.66 0.2123  
Lombard Lombard-Townsend Friday 0.9 1.5  
Low (William) and Co. Thursday 1.66 4.4615  
Marston International Thursday 1.5839 3.8951  
Pharmax International Thursday 3.98 3.3  
Sun Life Assurance Society Wednesday 1.712 7.6339

\*Dividends shown net pence per share and adjusted for any intervening scrip issue. †Second interim. Current period is 15 months to December 31, 1978.

# Record £6.5m for Bowthorpe

Bowthorpe Holdings announce record sales and profits in 1978 for the third year in succession.

The electrical and electronics components group made taxable profits of £6.52m on sales of £43.98m. This compares with pre-tax profits of £5.82m on £36.9m sales in 1977.

Earnings from overseas companies again made a significant contribution. At midway when pre-tax profits were £3.3m (£3.01m) the directors said they expected first-half profits to be maintained in the second.

The final dividend is 0.967p per 10p share making a total of 1.9p per share (1.82p).

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Bowthorpe has posted a useful increase in pre-tax profits despite pressure on margins. To some extent the squeeze was of the company's own making. It shifted its Hellebrand Electric subsidiary to a new larger factory in Plymouth and had to train some 350 local employees.

Another subsidiary, in the U.S., also moved to a new factory and that took a slight edge off a record year for operations on the other side of the Atlantic. A component is a manufacturer, the group is dependant on demand for other people's products.

During the year there were no real hiccups but the company is watching the developments on cancelled air sales to Iran with interest. It supplies components for Chrysler tanks. The prospect for 1979 is promising particularly as a production was not affected by the heat weather or the lorry drivers' strike. The share at 83p have a yield of 3.3 per cent and a p/e of 11.4.

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# Automotive Products rises 11% to £15m

Automotive Products says that despite the Ford strike at the end of last year and the closure of the important Iranian market, taxable profits of the group for 1978 were up by 11 per cent from £13.6m to £15.13m on turnover of £179.4m against £159.5m.

The combined effect of the transport drivers' strike and the bad weather has severely depressed trading activities at the start of the current year, and they say the first half may well fall short of last year's £7.41m.

After encouraging progress in 1978, the filter division's manufacturing facility at Bolton was closed by a £3.8m transfer from the deferred tax account leaving the net profit for 1978 well up at £13.31m against £8.96m.

The group's parts and service division at Banbury continued to experience a healthy export demand despite the loss of turnover to Turkey, the Sudan and, in the latter part of the year, Iran.

Parts business with overseas vehicle manufacturers following original equipment penetration was particularly buoyant, directors say. In the home market demand was not up to expectations in the first half, with important customers desisting, and the strong recovery during the third quarter was somewhat diluted towards the year-end by the Ford strike and serious industrial dispute disruptions suffered by other customers.

The directors add that 1978 was also a further year of expansion for the company's UK distribution organisation, with 20 new depots being opened; the division achieved a 31 per cent growth in sales.

Normal working was resumed by all major original equipment customers last December, and the company moved into 1979 with good order coverage across virtually the entire range of its products, and well balanced inventories.

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# Upturn for Green's Economiser

AS FORECAST, Green's Economiser Group staged a second-half recovery. The company, which saw taxable profits slump from £1.5m to £95,594 at mid-way, lifted the surplus at the year-end to £1.28m, compared with £1.68m. Turnover rose from £16.97m to £17.03m.

The half-time decline was due to a £2.28m fall in turnover to £8.76m.

The Board now says that the significant profit upturn should be sustained in 1979.

After tax of £188,978, compared with £703,899, the net figure is up from £94,394 to £1.1m. Stated earnings, based on 11.4p after tax, are up from 11.4p to 13.1p. The before-tax figure is 15.2p (13.8p).

The net final dividend of 3.615p lifts the total from 4.349p to 4.737p.

1978 accounts are based on SSAP 15, and the 1977 figures have been adjusted accordingly. This has reduced the 1978 tax provision by £55,880 and the previous year's by £182,850.

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# Benford Concrete at £3.3m

TAXABLE PROFIT of Benford Concrete Machinery fell from £3.84m to £3.25m in 1978, on turnover of £30.48m, against £18.4m.

At mid-year, when the surplus was down from £2.02m to £1.61m, the directors said margins had been squeezed by keen competition in a dull home market and reduced export demand.

Tax of £1.72m (£2.02m) left the year's stated earnings, per 10p share, 12.1p lower at 7.02p. A net final dividend of 1.355p raises the total to maximum permitted 2.025p (1.8



APPOINTMENTS

Hunt to become managing director of Land Securities

Mr. P. J. Hunt is to become managing director of the LAND SECURITIES TRUST on May 1. Lord Samuel de Wych Cross is relinquishing the managing directorship on that date but will remain executive chairman. At the same time Mr. John M. Moor is to join the Board. Mr. Moor has been a director of the group's subsidiary, the London Real Property Company since 1973, having joined the company 20 years ago.

Mr. T. F. Willison has been appointed joint managing director of ERNEST A. NOTCUTT AND CO. and also joins the Board of Ernest A. Notcutt (Overseas) Ltd. Produce (Holdings) is the parent company.

Mr. L. Edington has become managing director of PEGLEERS, a subsidiary of Pegler-Hattersley.

Air Vice-Marshal L. W. G. Gill has been appointed to the Board of BERTRON ASSOCIATES (CONSULTANTS). He was previously manpower planning advisor to the P & O Steam Navigation Company.

Mr. Philip Shipman has been appointed managing director of HENRY STEWART CONSTRUCTION STUDIES, a member of the London and City Trust Group.

Mr. A. L. Henderson has been appointed president of the WORSTED SPINNERS' FEDERATION to succeed Mr. N. E. Oates and Mr. D. P. Wilson have been respectively appointed senior and junior vice-president of the Federation.

Mr. Clive Robertson has been appointed marketing director responsible for the installation and distribution equipment product department of SIMPLEX-GE.

Barbara Marlow has become the first woman chairman of the BRITISH WHOLESALE JEWELLERS' ASSOCIATION and the first woman chairman of an association forming part of the British Jewellery and Giftware Federation. She is joint managing director of Redrich.

Mr. P. A. Butler, sales director of SIMPLEX, FOUNDRIES GROUP, is to be managing director of its insulating glass manufacturers, THERMOVITRINE in succession to Mr. J. A. Farrell, who is retiring but will remain on the Thermovitrine Board as consultant director.

The DEPARTMENT OF THE ENVIRONMENT has appointed two assessors to assist Mr. Michael Mann, QC, at the public inquiry into the National Coal Board's applications to mine coal in the Vale of Belvoir. Dr. R. K.

Taylor has been made mining sector, because of his experience in the problems of waste disposal and the associated environmental problems. Mr. S. W. Midwinter will act as an assessor on environmental and planning issues, replacing Mr. C. F. Allan, previously appointed, who has had to withdraw for personal reasons.

Mr. P. R. Macklin and Miss Penelope Freer are to become partners in FRESHFIELDS on May 1.

Mr. J. A. Davidson is to join the Board of BOC INTERNATIONAL and will continue as managing director of Commonwealth Industrial Cases of Australia, a subsidiary.

Dr. L. E. Evans has been appointed technical director of STERLING COATED MATERIALS.

Mr. J. G. Brown has been appointed finance director of BERNARD MATTHEWS in succession to Mr. S. A. Briggs, who has retired.

Mr. I. Lloyd Jones has been appointed director of marketing of ALLIED CHEMICAL (NORTH SEA) and is based in London.

The MINISTRY OF DEFENCE has appointed Brigadier J. P. E. Watts to be Commander Sultan of Oman's Land Forces in the rank of Major-General, in succession to Major-General The O'Morchoe.

Mr. G. I. Howell has been appointed director of DAILY MAIL AND GENERAL TRUST.

Mr. P. Ingram has been appointed at the MINISTRY OF AGRICULTURE as senior agricultural officer, Agricultural Development and Advisory Service. He succeeds Mr. J. J. North, who is now chief agricultural officer.

Rear Admiral Wilfred Graham has been appointed director of the ROYAL NATIONAL LIFEBOAT INSTITUTION in place of the late Captain Nigel Dixon. Admiral Graham, who recently retired from the Royal Navy after 35 years of service, will take up his new position on May 1.

Mr. N. E. Godfrey, an Under Secretary, previously on secondment to the Price Commission, has returned to CUSTOMS AND EXCISE and replaced Mr. D. L. Bryrars as director, general customs. Mr. Bryrars has been appointed director, personnel, Customs and Excise.

Mr. John Corner has been appointed finance director, Mr. Alan Glover, marketing and development director, and Mr. Harold Gilmore, consultancy director of GRAND METROPOLITAN SYSTEMS.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

Following recent overtures made to the company and clearance by the Monopolies Commission, Rockwell of the U.S. has made a definite offer for motor component manufacturers Wilmot-Bredden. Rockwell, which built up a 29.98 per cent holding in Wilmot by buying in the market, is offering 115p cash per share for the remaining equity. Wilmot has stated that the terms are inadequate and that it is looking for 135p per share. Rockwell says that its offer is final and will not be increased.

The protracted battle for control of Caledonian Holdings has come to an end following the sale by London and Midland Industrial of its holding of 2.95m shares to rival suitors Comet Radiovision Services for 174p per share. Comet now controls 72.6 per cent of Caledonian.

Mr. Thomas Hampson Silk has increased his holding in Wolverhampton Steam Laundry to 44.2 per cent by purchasing the shares held by the chairman and family at 12p each. Under City takeover rules, Mr. Silk will now offer the same amount to existing shareholders.

United Biscuits, the giant convenience food combine, has agreed to purchase Specialty Brands, a private U.S. concern involved in the manufacture of spices and salad dressing for \$60m.

Blancarte Industries is to buy, for \$9.7m, privately owned Ward Blankart which specialises in fine organic chemicals used in the production of pharmaceuticals.

Mr. J. P. Lobbenberg's beneficial interest in Electronic Machine has been increased to 19.4 per cent by the acquisition of a further 100,000 shares.

Following last year's unsuccessful bid to gain control of Dawson International, William Baird has sold the 2.5 per cent stake acquired at the time to institutions for £13.5m.

Table with columns: Company bid for, Value of bid per share, Price before bid, Value of bid, Final Acct'ce date. Lists companies like Caledon. Hldgs., Common Bros., English Prop., Glass & Metal, Janss Richards, Lindsay & Wms., Scot. & Univ. Invs., White Child & Bencey.

Guinness Overseas executive changes

Mr. C. W. Freyer will become managing director of GUINNESS TOP SHOP and Top Man; Mr. Gerald Slater, group company secretary and group personnel director; and Mr. Robert Wood, group systems and distribution director.

BEATSON CLARK AND CO. has appointed three new departmental directors from May 1. They are Mr. Peter Moran, assistant to the managing director; Mr. Bernard Smith, personnel manager, and Mr. Michael Godber, company accountant.

Mr. A. G. Hutchinson, chairman of HUTCHINSON WHAMPOA is to stand down as chairman of the company following his retirement from executive responsibilities in the Hong Kong and Whampoa Dock Company last September. He will remain on the Board as a non-executive director. It is proposed that Mr. W. R. A. Wylie be elected as chairman at a meeting of the Board to be held immediately after the ordinary yearly meeting on June 1.

Mr. Walter Nurse, formerly sales director of FRED PERRY SPORTSWEAR, has been appointed managing director. The BURTON GROUP has appointed the following senior executives as alternate directors: Mr. Lawrence, assistant managing director (merchandise) and Mr. Paul Plant, assistant managing director (retail operations) in Burton Retail, Top Shop and Top Man; Mr. Gerald Slater, group company secretary and group personnel director; and Mr. Robert Wood, group systems and distribution director.

Mr. R. W. M. Peacock has been elected chairman of NURDIN AND PEACOCK in place of Mr. J. A. Peacock, who has retired as chairman and from the Board and becomes first president.

Table with columns: Company bid for, Value of bid per share, Price before bid, Value of bid, Final Acct'ce date. Lists companies like Wilmot Bredden, Wolverhampton, Steam Laundry, etc.

PRELIMINARY RESULTS

Table with columns: Company, Year to, Pre-tax profit, Earnings, Dividends. Lists companies like Aberthaw Cement, Aquascutum, Asoc. Biscuit, etc.

Table with columns: Company, Year to, Pre-tax profit, Earnings, Dividends. Lists companies like Matthews Writs, Mettoy, Minet Hldgs., etc.

INTERIM STATEMENTS

Table with columns: Company, Half-year to, Pre-tax profit, Interim dividends. Lists companies like Aldwest, Bellway Hldgs., Bostons (Wm.), etc.

(Figures in parentheses are for corresponding period.) Dividends shown net except where otherwise stated. \* Adjusted for any intervening scrip issue. † Net profit. L Loss. ‡ Gross.

Offers for sale, placings and introductions

Gibbs Mtw: Placing of 8.5 per cent of equity. Scrip Issues: Combined English Stores: One for one. Dorada Holdings: One for 10. Greenbank Industrial: One for four. Hewden-Stuart: Two for five. Rowntree Mackintosh: One for one.

I.G. Index Limited 01-351 3466. 3 months Copper 1020.3-1039.5 29 Lamont Road, London, SW10 0HS.

- 1. Tax-free trading in commodity futures. 2. The commodity futures market for the smaller investor.

CORAL INDEX: Close 545-550

CLIVE INVESTMENTS LIMITED. 1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-283 1101. Index Guide as at April 3, 1979 (Base 100 on 14.1.77).

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD. 45 Cornhill, London, EC3V 3PB. Tel: 01-623 8314. Index Guide as at April 12, 1979.

INSURANCE BASE RATES. † Property Growth 111%. ‡ Vanbrugh Guaranteed 10%. † Address shown under Insurance and Property Bond Table.

EUROPEAN OPTIONS EXCHANGE table with columns: Series, Vol, April, Last, July, Last, Oct, Last, Stock. Lists various options like ABN O F.364.80, AKZ O F.50, etc.

T. F. & J. H. BRAIME (HOLDINGS) LIMITED. (Seamless Drawn Presswork, Oilcans and Elevator Buckets). The Twenty-ninth Annual General Meeting of T. F. & J. H. Braime (Holdings) Ltd. was held in Leeds on 12th April.

THE LAW LAND COMPANY, LIMITED. GROUP'S BUSINESS—Investment in and development of real property in the United Kingdom and Belgium and property trading in Australia.

UP 204.7% IN FOUR MONTHS. In its New Year Issue EQUITY RESEARCH told its readers that although shares in BAMBERS STORES had more than quadrupled over the past year, the next profit announcement would show a doubling of profits and despite the heavy rise the shares were still not expensive.

INTEREST 14 1/2 PER ANNUM. Paid on deposits. Paid Gross. No tax deducted. Applicable to non-U.K. residents.

Basis for future growth established. The year at a glance. 1978 1977. SALES Home 15 185 13 478, Export 5 484 4 311. Profit before tax 2 381 2 757, Taxation (320) 2 357. Profit after tax 2 701 1 604.



Dutch paper group warns of losses

By Our Financial Staff
DUTCH PAPER manufacturer, Van Gelder's Papier, warns shareholders to expect a return to "considerable" losses for 1979.

Honda Motor forecasts return to profits growth

BY YOKO SHIBATA IN TOKYO
A RETURN to profits growth this year is forecast by the Honda Motor Company of Japan whose parent company earnings in the year ended February 28, dipped by 81 per cent to ¥16bn (\$75m).

Credit Lyonnais omits its dividend

By David White in Paris
CREDIT LYONNAIS, number two of the "big three" nationalised French commercial banks, reports a sharp fall in net profits for last year to FF 200m (€54m), compared with FF 300m in 1977.

Indiana Standard acquires Cyprus Mines for \$460m

BY STEWART FLEMING IN NEW YORK
STANDARD OIL of Indiana, one of the world's largest oil companies, appears to be on the verge of completing its long-sought diversification into the metals industry with the agreed acquisition of Cyprus Mines, a Los Angeles-based copper, lead and zinc manufacturer, for \$460m in a share exchange worth \$42 a share.

Optimism at Metallgesellschaft

BY GUY HAWTIN IN FRANKFURT
METALLGESSELLSCHAFT, the Frankfurt-based metals, engineering and transport concern, is expecting earnings to improve during the current 1978-79 business year, though no estimate of the improvement has yet been forthcoming.

CGE boosts net earnings

By Our Financial Staff
NET PROFITS higher by a tenth are reported by the French electrical group, CGE, which is in the process of acquiring an indirect shareholding of more than 8 per cent in the Goldsmith group company, Generale Occidentale.

TXIA lifts bid for NAL

BY OUR FINANCIAL STAFF
THE BID struggle for National Airlines (NAL) was taken a significant step further yesterday when Texas International Airlines increased its terms to nominally match the \$50 a share offer for National by Eastern Airlines, and outstrip the \$41 a share offer by Pan American World Airways.

\$52.2m loss at A and P

NEW YORK—Great Atlantic and Pacific Tea (A and P), the troubled grocery chain, has turned in a loss of \$52.2m for the past year, compared with net earnings of \$569,000 or 2 cents a share previously. This year's total gives effect, says the company, to the restructuring programme amounting to \$51.2m before tax.

The First Viking Commodity trusts
Commodity OFFER 46.6 Trust BID 44.3
Double OFFER 40.3 Option Trust BID 38.3

COMETCO
COPPER did you buy at £790
Our December report recommended buying them - it has since been to £1000. For your free copy of our next report please telephone 01-248 7811 or complete coupon below.

French store recovery

BY OUR PARIS STAFF
THE FRUITS of the past two years' tough reorganisation policy at Au Printemps, the French department store and supermarket group, have been sweeter than expected.

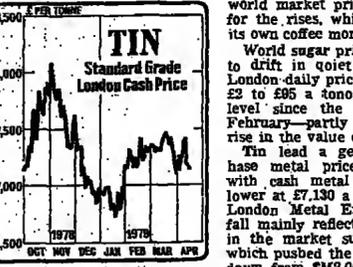
U.S. QUARTERLIES

Table with columns for company names (CERTAINTIED, NORTH AMERICAN PHILIPS, KROGER, etc.) and financial data for 1979 and 1978.

COMMODITIES/Review of the week

Sharp cut in cocoa grindings but prices edge up

BY OUR COMMODITIES STAFF
UK COCOA bean usage declined 16.7 per cent in the first quarter of this year compared with the same period in 1978. The Ministry of Agriculture announced that January-March grindings totalled 17,000 tonnes, down from 20,010 a year ago.



BASE METALS

COPPER—Mixed steady in morning trading on the London Metal Exchange. Forecasts of a further decline in warehouse stocks, coupled with Continental buying interest linked forward metal to £1,038. However, this level attracts profit-taking and the price slipped to close the week at £1,034, down £1,033, turnover 22,850 tonnes.

SILVER

Silver was fixed 3.5p on a ounce lower for spot delivery in the London bullion market on Thursday at 354.50. U.S. cent equivalents of the fixing were: spot 738.00, down 13.40; three-month 720.50, down 14.30; and 12-month 735.50, down 14.80. The metal opened at 354.40-354.50 (738.70-740.00).

AMERICAN MARKETS

NEW YORK, April 11
Orange Juice—May 100.50 (104.45), June 102.50 (106.00), Sept. 104.50 (107.50), Dec. 106.50 (109.50).
Cotton—April 22.50 (22.50), May 22.50 (22.50), June 22.50 (22.50), Sept. 22.50 (22.50), Dec. 22.50 (22.50).

WEEKLY PRICE CHANGES

Table showing weekly price changes for various commodities like Wheat, Corn, Soybeans, etc., with columns for latest price, change on week, and year ago.

LEAD

Table showing lead prices in different grades and locations, including London and New York.

COFFEE

Table showing coffee prices for various types like Arabica and Robusta, with columns for price and change.

INDICES

Table showing financial indices including FINANCIAL TIMES, MOODY'S, and REUTERS, with columns for current and previous values.

Stock Exchange dealings

Table showing stock exchange dealings for Thursday, April 12, Wednesday, April 11, Tuesday, April 10, Monday, April 9, and Friday, April 5, with corresponding volume figures.

The list below gives the prices at which bargains were done by members of the Stock Exchange and recorded in last Thursday's Stock Exchange Daily Official List. For those securities not marked in Thursday's List, we show the latest marketings recorded during the previous four business days; these are distinguished by the dates shown in parentheses.

The number of dealings shown on Thursday in each section follows the name of the section. Unless otherwise denoted, shares are fully paid and stock 200 fully paid.

Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 pm only, but transactions can be included in the following day's Official List. No indication is available as to whether a bargain represents a sale or purchase. Markings are not necessary at any one price is recorded.

Bargains at Special Prices. A Bargain done with or between non-members, or a bargain done previous day. A Bargain done with members of a recognised stock exchange, or a bargain done with members of a recognised stock exchange, or a bargain done with members of a recognised stock exchange.

SA—Australia; SB—Bahamas; SC—Canada; SD—Hong Kong; SE—Singapore; SF—Malaysia; SG—Maldives; SH—New Zealand; SJ—Switzerland; SK—United States; SW—Switzerland.

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Main table of stock prices and financial data, including sections for LWT (Holdings) A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, and various other financial metrics.

Table of British Funds (437) listing various investment funds and their performance metrics.

Table of Commonwealth Govts. (2) listing government securities and their details.

Table of Foreign Stocks (1) listing international equities and their prices.

Table of Banks (142) listing various banks and their financial data.

Table of Corporations (28) listing various corporate entities and their details.

UK COMPANY NEWS

Britains pulling out of non-paper making activities

Beauford up and expanding into U.S.

Triplest up to £1.87m

Midland News up £0.87m

F. Copson midyear growth

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BIDS AND DEALS

NAPF critical of EPC loan repayment

EXCALIBUR TALKS CALLED OFF

RHM IRISH DAIRY DEAL NEARS COMPLETION

UTD BISCUITS PURCHASE

UK COMPANY NEWS

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Financial Times Saturday April 14 1979

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Table titled 'LOCAL AUTHORITY BOND TABLE' showing interest rates and bond details.

Table titled 'BUILDING SOCIETY RATES' showing deposit and share rates for various societies.

Table titled 'AUSTRALIAN' and 'MISCELLANEOUS' listing various financial instruments.

Table titled 'RUBBER' and 'WATERWORKS' listing various financial instruments.

Table titled 'OTHER MARKETS' showing exchange rates for various currencies.

Table titled 'LONDON MONEY RATES' showing interest rates for various financial instruments.

Table titled 'EURO-CURRENCY INTEREST RATES' showing interest rates for various currencies.

Table titled 'UK CONVERTIBLE STOCKS 12/4/79' showing details of convertible stocks.

Table titled 'THE POUND SPOT AND FORWARD' showing exchange rates for the pound.

Table titled 'GOLD' showing gold prices and related financial data.

Table titled 'UK CONVERTIBLE STOCKS 12/4/79' showing details of convertible stocks.

Footnote text explaining the data and providing additional information.



AUTHORISED UNIT TRUSTS

Vertical text on the left margin, likely a continuation of the 'OCK INDEX' or 'S.E. ACTION' from the previous page.

Vertical text on the left side of the main table, listing various fund names and their respective managers.

Main table of financial data containing columns for fund names, managers, and numerical values representing performance metrics.

Table titled 'INSURANCE AND PROPERTY BONDS' listing various insurance and bond products with their respective details.

Table titled 'OFFSHORE AND OVERSEAS FUNDS' listing international investment funds and their performance data.

NOTES section at the bottom right of the page, providing additional information or disclaimers.

FT SHARE INFORMATION SERVICE

Managers of Commercial Property Knight Frank & Rutley

BRITISH FUNDS

Table of British Funds with columns for Name, Price, Dividend, and Yield. Includes sub-sections for 'Shorts' (Lives up to Five Years) and 'Over Fifteen Years'.

BONDS & RAILS—Cont.

Table of Bonds & Rails with columns for Name, Price, Dividend, and Yield.

BANKS & HP—Continued

Table of Banks & HP with columns for Name, Price, Dividend, and Yield.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals, Plastics with columns for Name, Price, Dividend, and Yield.

ENGINEERING—Continued

Table of Engineering with columns for Name, Price, Dividend, and Yield.

AMERICANS

Table of American stocks with columns for Name, Price, Dividend, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Name, Price, Dividend, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Price, Dividend, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Name, Price, Dividend, and Yield.

CANADIANS

Table of Canadian stocks with columns for Name, Price, Dividend, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Name, Price, Dividend, and Yield.

ELECTRONIC AND RADIO

Table of Electronic and Radio with columns for Name, Price, Dividend, and Yield.

INTERNATIONAL BANK

Table of International Bank with columns for Name, Price, Dividend, and Yield.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Price, Dividend, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Name, Price, Dividend, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Name, Price, Dividend, and Yield.

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HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS (Miscel.)

Table of Industrials (Miscel.) with columns for Name, Price, Dividend, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Name, Price, Dividend, and Yield.

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ENGINEERING MACHINE TOOLS

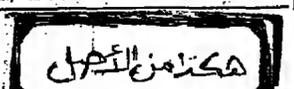
Table of Engineering Machine Tools with columns for Name, Price, Dividend, and Yield.

FOOD, GROCERIES, ETC.

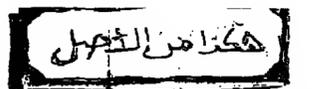
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ENGINEERING MACHINE TOOLS

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MINES—Continued

Australian Mines table with columns for Stock, Price, % Chg, and Dividend.

TINS

Tins table with columns for Stock, Price, % Chg, and Dividend.

COPPER

Copper table with columns for Stock, Price, % Chg, and Dividend.

MISCELLANEOUS

Miscellaneous table with columns for Stock, Price, % Chg, and Dividend.

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominated in 25c. Estimated values and where possible, are updated on half-yearly figures.

RECENT ISSUES AND RIGHTS

This service is available to every company dealt in on the Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security.

REGIONAL MARKETS

The following is a selection of London quotations of views previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are quoted on the Irish exchange.

OPTIONS

3-month Call Rates

Options table with columns for Stock, Price, % Chg, and Dividend.

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Finance, Land table with columns for Stock, Price, % Chg, and Dividend.

OILS

Oils table with columns for Stock, Price, % Chg, and Dividend.

OVERSEAS TRADERS

Overseas Traders table with columns for Stock, Price, % Chg, and Dividend.

TEAS

Teas table with columns for Stock, Price, % Chg, and Dividend.

INDIA AND BANGLADESH

India and Bangladesh table with columns for Stock, Price, % Chg, and Dividend.

SRI LANKA

Sri Lanka table with columns for Stock, Price, % Chg, and Dividend.

AFRICA

Africa table with columns for Stock, Price, % Chg, and Dividend.

MINES

Mines table with columns for Stock, Price, % Chg, and Dividend.

CENTRAL RAND

Central Rand table with columns for Stock, Price, % Chg, and Dividend.

EASTERN RAND

Eastern Rand table with columns for Stock, Price, % Chg, and Dividend.

FAR WEST RAND

Far West Rand table with columns for Stock, Price, % Chg, and Dividend.

O.F.S.

O.F.S. table with columns for Stock, Price, % Chg, and Dividend.

FINANCE

Finance table with columns for Stock, Price, % Chg, and Dividend.

DIAMOND AND PLATINUM

Diamond and Platinum table with columns for Stock, Price, % Chg, and Dividend.

INVESTMENT TRUSTS—Cont.

Investment Trusts table with columns for Stock, Price, % Chg, and Dividend.

PROPERTY, LAND, etc.

Property, Land, etc. table with columns for Stock, Price, % Chg, and Dividend.

PROPERTY—Continued

Property table with columns for Stock, Price, % Chg, and Dividend.

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Shipping table with columns for Stock, Price, % Chg, and Dividend.

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Shoes and Leather table with columns for Stock, Price, % Chg, and Dividend.

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South Africans table with columns for Stock, Price, % Chg, and Dividend.

TEXTILES

Textiles table with columns for Stock, Price, % Chg, and Dividend.

TOBACCO

Tobacco table with columns for Stock, Price, % Chg, and Dividend.

TRUSTS, FINANCE, LAND

Trusts, Finance, Land table with columns for Stock, Price, % Chg, and Dividend.

PROPERTY

Property table with columns for Stock, Price, % Chg, and Dividend.

INSURANCE

Insurance table with columns for Stock, Price, % Chg, and Dividend.

INDUSTRIALS—Continued

Industrials table with columns for Stock, Price, % Chg, and Dividend.

INSURANCE—Continued

Insurance table with columns for Stock, Price, % Chg, and Dividend.

LEISURE

Leisure table with columns for Stock, Price, % Chg, and Dividend.

MOTORS, AIRCRAFT TRADES

Motors, Aircraft Trades table with columns for Stock, Price, % Chg, and Dividend.

Commercial Vehicles

Commercial Vehicles table with columns for Stock, Price, % Chg, and Dividend.

Garages and Distributors

Garages and Distributors table with columns for Stock, Price, % Chg, and Dividend.

NEWSPAPERS, PUBLISHERS

Newspapers, Publishers table with columns for Stock, Price, % Chg, and Dividend.

PAPER, PRINTING ADVERTISING

Paper, Printing Advertising table with columns for Stock, Price, % Chg, and Dividend.

PROPERTY

Property table with columns for Stock, Price, % Chg, and Dividend.

INSURANCE

Insurance table with columns for Stock, Price, % Chg, and Dividend.

INDUSTRIALS

Industrials table with columns for Stock, Price, % Chg, and Dividend.

INDUSTRIALS—Continued

Industrials table with columns for Stock, Price, % Chg, and Dividend.

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COFFEES

AND CATERING

TRIALS

AND CATERING

TRIALS

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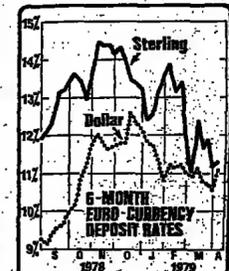
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 Reserves: £1,000 million

## THE LEX COLUMN

# An end to Coral's winning streak

Index rose 3.2 to 541.9



Recent experience suggests that a new Government stock is most unlikely to begin trading at a discount, but on Thursday morning some stages of Exchequer 11 per cent 1991 decided they were unwilling to hold the stock over a long weekend during an election campaign, and the party-paid issue fell to £14. By the close, however, those with strong nerves found themselves with an uneasy premium of 1 point.

Glits now seem to have found something of a trading range for the election run-up, but equities, having weathered a good deal of profit-taking, made steady progress over the week and on Thursday the 30-share index struck its highest closing level since September, 1977.

Sterling held its lower level against the dollar and advanced again on a trade-weighted basis. The New York and euro-dollar markets have convinced themselves that the Federal Reserve is going to take a tough line on interest rates next week and the already firm dollar seems to be strengthening further.

### Coral Leisure

Coral Leisure's performance in 1978 is disappointing on a number of counts. A year ago it looked as if the group was capable of pushing its pre-tax profits up from £15.5m to close to £30m mainly because of its two big acquisitions—Pontin's and Centre Hotels—which together seemed capable of chipping in an extra £10m a year. In the event Coral's pre-tax profits are up by only 19 per cent to £22m, earnings per share have fallen by a fifth, and the gearing has shot up. At the end of 1978 Coral's net worth (excluding £57.4m surplus) reported borrowings of £50m. Maybe this is the price Coral has to pay if it is going to transform itself from a company heavily dependent on gambling profits into a "broadly based" leisure group. With Coral shares at 125p, the price is exactly the same now as at the time of the Pontin's bid while the stock market has risen by over a third in the meantime.

Coral's disappointing performance is partly the result of its decision to follow a more conservative depreciation policy than Pontin's and the need to spend heavily on refurbishing the hotels it bought in a run-down condition.

Even so the divergence between its experience and Ladbroke's on the casino side is baffling. Ladbroke has not disclosed its casino profits yet but they undoubtedly played a big part in its 70 per cent jump in 1978 profits. By contrast Coral's casino profits have slumped by well over a third.

### Alfred Herbert

After six months Alfred Herbert was showing a pre-tax loss of £2.2m, so an outlook for the full year of £3.2m suggests a marginal improvement in the later months. But the group has also had to make heavy provisions against closures, and the total attributable loss for 1978 is £7.4m. Moreover the group has had the benefit of substantial conversion of loans to equity, which ought to have cut the interest burden. One way and another it looks as though Herbert received almost

£20m of new equity in 1978, while since the year-end the NEB has boosted its equity resources by another £8.3m. After this, Herbert is said to have all but completed its reorganisation programme, and has a new sophisticated machine which has been well received in the U.S. market. But Herbert has not been able to shift its £20m stock minimum demand, and demand remains unsteady.

### Automotive Products

Automotive Products had a satisfactory year in 1978, with pre-tax profits up 11.3 per cent to £15.1m and continued good growth in direct exports, largely of original equipment to continental manufacturers. In the home market there was a volume fall in original equipment sales as the group further increased its concentration on the replacement market. AP is aiming for higher sales of spares for foreign cars as the imports of the past few years start to show their age. At the moment imports, despite taking over half the new car market in the UK, account for no more than a quarter of the spares sold.

In the immediate future, though, AP is faced with the task of making up the damage done in the first two months of the current year by the hailage dispute, the bad weather, and the hangover from the Ford strike. It will do well to raise profits at all this year, particularly if there is trouble at B.L.

The strength of sterling against the French franc is hurting earnings from its major foreign market, and margins are coming under pressure in the UK spares market in general.

Down 21p at 85p, the shares yield only 2.7 per cent, but the company's anxiety to improve the return on the shares is not in doubt, and the ending of dividend restraint would be likely to see the cover on the dividend, now about eight times, drastically reduced. The fully taxed p/e is about 6.5.

# Rhodesians attack Lusaka

BY OUR FOREIGN STAFF

**RHODESIAN COMMANDOS** blew up the home and headquarters of Mr. Joshua Nkomo, the guerrilla leader, in a pre-dawn raid on the Zambian capital of Lusaka yesterday.

Mr. Nkomo was not at home at the time. Later, standing beside the twisted front gate of his gutted home, Mr. Nkomo told a crowd of hundreds that he would hit back at the Rhodesian forces. "I can assure you the Patriotic Front is going to punish those savages."

The Rhodesian commandos also destroyed office buildings used by the Zimbabwe African People's Union (ZAPU), the African National Congress and the South-West African People's Organisation (SWAPO), which is fighting for Namibian independence. Ten people were reported killed and 12 injured.

The raid, the first into a foreign African capital by Rhodesian troops, was angrily condemned by the British Government and by Mr. Shridath Ramphal, the Commonwealth Secretary General as an act of provocation and defiance.

In Salisbury, the Rhodesian

Government said its forces had destroyed the Kazungula ferry linking Zambia and Botswana, part of a strategically important trade route for Zambia.

The interior and roof of Mr. Nkomo's house, in a suburb not far from the home of Mr. Kenneth Kaunda, the Zambian President, were gutted with only the walls left standing. It was not clear what weapons were used, but local residents reported hearing machine gun fire and, later, loud explosions.

Some reports said the commando force drove into the city in jeeps, carried out the attacks, and escaped along the main highway towards Tanzania.

The Rhodesians were thought to have been brought into Zambia by helicopter or transport plane and set down some distance from the capital, which is defended by anti-aircraft missiles and guns.

The destruction of the ferry will increase Zambia's dependence on Rhodesia as a trade route, at a time when its economy is in serious difficulties. Until Zambia opened its southern railway route through

nationalist camps earlier this week in which more than 350 people were reported killed or injured.

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Rhodesia, late last year, the Kazungula ferry provided an important lifeline for Zambian imports by road of urgently needed goods from South Africa.

Meanwhile, the Botswana Government said that black Rhodesian troops dressed in Botswana defence force uniforms had abducted 14 people from a house occupied by members of Mr. Nkomo's ZAPU party in Francistown, Northern Botswana.

It added that the Kazungula ferry and a car on it had sunk when an explosion occurred while the ferry was discharging on the Botswana side of the Zambezi River. Three bodies had been recovered so far.

Dr. Kurt Waldheim, UN Secretary-General, yesterday condemned Rhodesian raids on Lusaka, and Francistown, Botswana, as "a dangerous escalation." He called on the Smith regime "to desist from further actions which can only diminish any hope of a peaceful solution of the Rhodesian problem."

## MAN OF THE WEEK

# Border lines case

BY MARK WEBSTER

**PRESIDENT Julius Nyerere** of Tanzania is used to criticism. In his long political life he has taken many decisions on the basis of principle while another head of state might have been more pragmatic. So it is not surprising that he was the one leader to have taken an uncompromising stand on the brutal regime of President Idi Amin of Uganda who, despite almost universal condemnation, looked likely to survive for many years yet.

Between the character of Nyerere and Amin there is a world of difference. Amin's murderous inconsistency, cynical approach to politics and ostentatious life style contrasted dramatically with Nyerere's passionate attachment to principles, his seriousness and frugality. While Amin was always happy to follow the most lucrative path of a free market philosophy, Nyerere has developed a strict set of socialist principles.

What makes Tanzania's intervention so surprising is that it has so much to lose by defeat and so little to gain from victory. Tanzania will have secured its borders against further attack and installed a more sympathetic regime in Kampala. But against that Nyerere has staked his already



Julius Nyerere  
*Invasions of African privacy*

shaky economy, the lives of his soldiers and the criticism of other African states for intervening in the affairs of another country.

It looks likely now that Tanzania will decide to pull out as soon as possible both for economic and political reasons. But although the Tanzanians have always said they have no territorial claims on Uganda, Nyerere now faces the daunting prospect of deciding whether or not to abandon a toddler administration loag before it can walk on its own.

Whatever his decision, it is bound to be the product of the unusually principled way in which Nyerere has always looked on politics.

Born in 1922 on the eastern shore of Lake Victoria, he attended a Government school from the age of 12. He won a scholarship to Makerere University in Uganda where he took his teacher's diploma and then taught in a mission school for two years. By that time he had already become a Roman Catholic, a religion he has followed devoutly though privately, all his life. He won another scholarship to Edinburgh University and completed his BA in 1952 to become the first black graduate of the then Tanganyika.

Once the new constitution was accepted in 1962 Nyerere became first president elected under a system of full adult suffrage in Tanzania. Since then, although Nyerere has always been the strong man in the Government, he has tried to build the strength and importance of the party. "He likes to create institutions," someone once remarked about him.

Probably the best known of his political acts during his period as president was the Arusha declaration of 1967 which was to affect the development of the country to the present day and which still has a fundamental influence on decision-making with the Government. The declaration was a product of Nyerere's growing realisation that the gap between the rich and poor was rapidly growing wider.

Critics of Nyerere's socialist system point out that Tanzania figures among the world's 25 poorest countries with a per capita income of under \$200 per year. But Nyerere prefers to see his achievements in terms of a reduction in the income gap from 50 to 1 before independence to the latest figure of 9 to 1 which he hopes to reduce even further.

# Irish plan state company to challenge oil giants

BY OUR DUBLIN STAFF

**THE Irish Government** hopes to have legislation ready by the end of the year to establish a state-owned oil company which, among its other roles, would engage in direct negotiation for oil supplies with producer countries.

Government thinking was outlined by Mr. Desmond O'Malley, Minister for Industry, Commerce and Energy, when he explained his decision to issue an order taking control of the supply and distribution of diesel oil.

These new powers follow a serious shortage of diesel and enable him to direct supplies to priority users, such as industry, agriculture and hospitals.

Mr. O'Malley hopes to reduce Ireland's dependence on the oil companies through the operations of a state company. There is speculation about a possible

deal with Norway, in which oil would be exchanged for fishing rights in the rich Irish waters.

So far there has been no reaction from the oil companies except to promise co-operation with the ministerial order. There was less evidence of panic buying by motorists yesterday, although many may have cancelled Easter trips because of uncertainty about supplies.

The Government's move on oil distribution followed a tense meeting with the companies, at which Mr. O'Malley became convinced that not all of them were doing their best to overcome the shortfall caused by the crisis in Iran.

He believes he has found evidence of this in the discovery that stocks were abnormally high, and that the country's sole oil refinery was working at

about 75 per cent capacity. Mr. O'Malley is arranging to have crude oil from the Gulf terminal at Bantry transferred to the refinery.

At yet, however, there is no sign of the Government agreeing to the companies' application for a price increase, even though Irish wholesale prices are significantly lower than those in the UK.

Mr. O'Malley admitted there were no shortages where prices were higher, but said he had to balance the interests of the consumer.

Burnah-Castrol (Ireland) has told central heating oil customers that it can supply them only if they agree in writing to pay 50 to 60 per cent more because its stocks are exhausted and it will have to buy on the international market.

# Woolworth accuses bank over Brascan bid

By John Wyles in New York

**F. W. WOOLWORTH** has swiftly followed up its rejection of the \$1.25bn (£337m) takeover bid from Canada's Brascan with a court suit accusing the Canadian Imperial Bank of Commerce (CIBC) of misusing confidential information in agreeing to help to finance the proposed offer.

Claiming that the CIBC is its largest single lender in a banking relationship which dates back to 1907, Woolworth's court document accuses the leading Canadian bank of providing inside information which forms "the linchpin" of Brascan's bid. The same knowledge of Woolworth's business supplied in confidence by the U.S. retailer formed the basis of CIBC's decision to agree to lend Brascan \$700m to finance the takeover, the court document claims.

The outcome of the case, which is emerging as the backbone of Woolworth's attempt to thwart the possible launch of the bid on April 30, could greatly affect the role of banks in U.S. takeovers. Woolworth's case has been influenced by a federal court judgment in February which resulted in a 90-day injunction being issued against Chemical Bank of New York. This prevented the bank from financing Talley Industries' takeover of Washington Steel because the Chemical Bank had provided banking services for the target company.

But the withdrawal of Talley's bid prevented the case from reaching a full legal conclusion. Brascan insists that the Woolworth complaint is "totally without merit," while the CIBC denies any breach of confidentiality and insists that "we have performed responsibly and in conformity with established legal and ethical principles."

Woolworth's suit seeks temporary and permanent injunctions to prevent Brascan and the CIBC from pressing ahead with the bid. It accuses Brascan of "seeking to perpetrate a massive fraud on Woolworth" and its shareholders. It argues that in order to fund the debt incurred to finance the takeover, Brascan "will be obligated to loot Woolworth assets."

Specifically, the court filing argues that after the acquisition, Brascan's total income by 1981 would fall at least \$46m short of the \$119m which, it is claimed, would be needed for total interest and premium payments on CIBC borrowings.

# Alfred Herbert loses £7.4m

BY OUR INDUSTRIAL STAFF

**ALFRED HERBERT**, the National Enterprise Board's machine-tool subsidiary, incurred a net loss of £7.36m last year against a £342,000 profit in 1977.

The preliminary balance sheet shows that nearly £20m of new equity was injected into Herbert in 1978. Since the end of the year it has effectively received a further £3.3m in equity from the NEB in the course of that body's approval of the group budget and corporate plan.

Sir John Buckley, the chair-

man, does not feel able to make a forecast for the current year, but says: "The company is in a far stronger position than it has been for many years, having taken action in its major problem areas."

The future of Herbert will be one of the first matters to be discussed between the NEB and the new Government after the General Election.

This will be especially relevant if the Conservatives win, because they intend to analyse the performance of Herbert's individual plants as part of their review of the "lame ducks" held by the NEB.

Although they realise they will have to invest Government money in some companies that run into financial trouble, Tory

leaders such as Sir Keith Joseph believe that there may well be a case for considering the closure of part of Herbert.

Herbert's sales last year were only marginally up, from £51.8m to £55.63m. The loss at pre-tax level was £3.31m (£19,000 profit) and the re-organisation of the Edgwick plant, which accounted for nearly all the operating loss, and the sale of Herbert's grinding business, added extraordinary costs of £4m.

The work force in the machine-tool division was reduced by 880, mainly at the Edgwick plant.

But Edgwick, even with a new product to make, cannot be expected to become profitable until 1980, says Sir John.

# Small premium so far on new gilt-edged stock

BY PETER RIDDELL

**THE NEW** gilt-edged stock offered and heavily oversubscribed this week has so far offered investors a much smaller profit than other recent issues.

The new stock—£800m of Exchequer 11 per cent 1991—opened at a discount of between 1 and 1 1/2 of a point when deals started on Thursday morning. This was in spite of heavy demand for the offer and was the result of a sharp fall in gilt-edged prices late on Wednesday.

However, quite strong demand then developed and after heavy trading the stock closed at a premium of 1. One attraction of the stock is that

only £15 per cent had to be paid on Wednesday and the next call is not until May 14, thus offering a speculative hedge until after the election.

The small premium on the new issue contrasts with the substantial immediate capital gains offered on other recent issues. For instance, there was a first-day premium of nearly 25 per cent on the long-dated stock issued in late February. The avoidance of such embarrassment was one of the reasons for the introduction of the partial tender method, though the stock issued in this way last month is now standing at a premium of over 12 per cent.

# Continued from Page 1 Prestcold and NEB row

Scottish plants began last autumn and involved the Scottish Development Agency, the Scottish Office, the Department of Industry, BL and the NEB.

Since 1975, when they last showed a profit, the two factories have progressively undermined Prestcold's overall performance. Last year they recorded a loss of about £300,000, and this year, in which Prestcold Holdings is expected to do more than break even, the Scottish plants are likely to lose as much as £1m.

Before its final decision, announced last month, to try to sell the entire Prestcold operation which has an asset

value of about £22m, BL had confronted the fact that there was now a substantial over-capacity for refrigeration compressors throughout Europe. Competition, particularly from Japan, is intense.

At the end of the recent review of Prestcold activities it was jointly agreed by BL and the NEB, which by virtue of its stake in BL owns Prestcold at arm's length, that the Glasgow closures held out the only chance of a profitable future for the remainder of the company.

The Government is then understood to have offered more funds to keep the two plants going. It was the rejection of the additional cash that led to

Mr. Varley's unusual step. The NEB's next move remains unclear, but it seems unlikely to accept Mr. Varley's intervention without fierce opposition. It considers the matter rests with the Department of Industry and the Scottish Office, and will take no further action until the directive is received.

A spokesman for the Department of Industry confirmed last night that Mr. Varley had told Sir Leslie Murphy of his intentions.

The intervention had been made so that discussions aimed at providing a longer-term solution to the problem of the Scottish plants could take place with all parties concerned.

Amended offer by

## The Woodbridge Company Limited

and

## Thomson Equitable (International) Limited

to holders of ordinary shares of

## Hudson's Bay Company

to purchase 17,319,000 (75%) of the outstanding ordinary shares at a price of

**\$37.00 (Canadian) per share**

On 8th April The Woodbridge Company Limited and Thomson Equitable (International) Limited announced that they were amending their all-cash offer to purchase ordinary shares of Hudson's Bay Company ("Hudson's Bay"), so that it is now an all-cash offer to purchase on a pro rata basis 17,319,000 (75%) of the outstanding ordinary shares of Hudson's Bay at a price of \$37 (Canadian) per share. The offer was also amended to extend the time for acceptance until 5 p.m. local time on Tuesday, 17th April, 1979. The offer is not conditional on the deposit of any minimum number of shares.

The attention of ordinary shareholders of Hudson's Bay is drawn to the following extracts from press releases:

By the Hudson's Bay Board of Directors (8th April, 1979):  
 "Hudson's Bay Company announced today that its directors recommend that shareholders should accept the amended Thomson Offer for control of the Bay, rather than the amended Weston Offer."

The Company stated that, in the absence of any further amendments to either the Thomson offer or the Weston offer, all the directors and officers will tender all their shares under the Thomson offer."

By George Weston Limited (9th April, 1979):  
 "George Weston Limited announced today that it does not intend to make any change in its offer for shares of Hudson's Bay Company."

Because the Thomson Offer, which is unconditional, expires on April 17th and because our offer remains conditional... many shareholders will prefer to accept the Thomson Offer. As a result we suggest that shareholders who were considering tendering under either offer should now, in the absence of a better offer, tender their shares under the Thomson Offer."

Hudson's Bay shareholders who have already accepted the Thomson Offer need take no further action: they will be entitled to the amended offer. Hudson's Bay shareholders who now wish to accept the amended offer must complete the appropriate acceptance form and send it to The Royal Trust Company (at the address stated below) to arrive not later than 5 p.m. local time on Tuesday, 17th April, 1979. Additional copies of the offer documents and acceptance forms can be obtained during normal business hours on any weekday (Saturdays and public holidays excepted)

from

**S. G. Warburg & Co. Ltd.,**  
 30 Gresham Street,  
 London EC2P 2EB

**Wood Gundy Limited,**  
 30 Finsbury Square,  
 London EC2A 1SB

**The Royal Trust Company,**  
 Royal Trust House,  
 54 Jemyn Street,  
 London SW1Y 6NQ

12th April, 1979.

This advertisement is issued by S. G. Warburg & Co. Ltd. and Wood Gundy Limited who are making the Thomson Offer on behalf of The Woodbridge Company Limited and Thomson Equitable (International) Limited to ordinary shareholders of Hudson's Bay with registered addresses in the United Kingdom.

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